

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

LEGISLATIVE HISTORY
Public Law 85-686
H. R. 12591

TABLE OF CONTENTS

Index and summary of H. R. 12591.	.1
Digest of Public Law 85-686	.2

Index and summary of H. R. 12591

May	21, 1958	House Ways and Means Committee reported H. R. 12591 without amendment. H. Report No. 1761. Print of bill and report.
May	27, 1958	Rules Committee reported resolution for consideration of H. R. 12591. H. Res. 578, H. Rept. 1777. Print of resolution and report.
May	28, 1958	House agreed to resolution for consideration of H. R. 12591.
June	9, 1958	House began debate on H. R. 12591.
June	10, 1958	House continued debate on H. R. 12591.
June	11, 1958	House passed H. R. 12591 with amendment.
June	12, 1958	H. R. 12591 was referred to the Senate Finance Committee. Print of bill as referred. Sen. Humphrey submitted and discussed an amendment to H. R. 12591.
June	23, 1958	Sen. Thurmond submitted proposed amendments to H. R. 12591.
July	2, 1958	Sen. Clark submitted proposed amendment to H. R. 12591.
July	10, 1958	Senate committee ordered H. R. 12591 reported with amendments. Sen. Thurmond discussed proposed amendments. Sen. Kennedy submitted a proposed amendment.
July	15, 1958	Senate committee reported H. R. 12591 with amendments. S. Report No. 1838. Print of bill and report.
July	16, 1958	Senate began debate on H. R. 12591.
July	17, 1958	Senate continued debate on H. R. 12591.
July	18, 1958	Senate continued debate on H. R. 12591.
July	21, 1958	Senate continued debate on H. R. 12591.
July	22, 1958	Senate passed H. R. 12591 with amendments. Senate conferees were appointed. Print of bill as passed by Senate with Senate amendments numbered.

Index and summary of H. R. 12591, cont'd

- July 23, 1958 House conferees were appointed on H. R. 12591.
- Aug. 6, 1958 House received conference report on H. R. 12591.
H. Report No. 2502. Print of report.
- Aug. 7, 1958 House agreed to conference report.
- Aug. 11, 1958 Senate agreed to conference report.
- Aug. 20, 1958 Approved: Public Law 85-686.

July 23, 1958	House conference was scheduled on H. R. 11501.
Aug. 6, 1958	House received conference report on H. R. 11501. H. Report No. 2712. Title of report.
Aug. 7, 1958	House agreed to conference report.
Aug. 11, 1958	Senate agreed to conference report.
Aug. 20, 1958	Approved: Public Law 85-562.

DIGEST OF PUBLIC LAW 85-686

TRADE AGREEMENTS EXTENSION ACT OF 1958. Contains various amendments to the Tariff Act of 1930, including the following: Extends the authority of the President to enter into foreign trade agreements from June 30, 1958, until June 30, 1962. Authorizes the President to increase by more than 50 percent certain rates of duty existing on July 1, 1934. Authorizes the President to reduce tariff duties certain specified amounts, in annual stages of reduction. Declares it to be the sense of the Congress that the President, during the negotiation of trade agreements, should seek information and advice from representatives of industry, agriculture, and labor. Extends the period for the conduct of peril-point investigations by the U. S. Tariff Commission from 120 days to 6 months. Authorizes the President to impose a duty not in excess of 50 percent ad valorem on any article not otherwise subject to duty. Provides that Congress, by two-thirds vote of both Houses, can require the President to carry out recommendations of the Tariff Commission, which he had disapproved, in escape-clause proceedings, and prescribes a set of rules for the consideration, by Congress, of concurrent resolutions in such cases. Modifies several provisions of the Act relating to imports which threaten to impair the national security. Expands the powers of the Tariff Commission to obtain information by subpoena and related powers, including the power to obtain information in writing.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 22, 1958
For actions of May 21, 1958
85th-2d, No. 80

CONTENTS

Acreage allotments.....	48		
Appropriations.....	1,42		
Arbor Day.....	29		
Area development.....	32		
ASC committees.....	19		
Building space.....	6		
Compacts.....	51		
Conservation.....	42		
Cotton.....	16,19,48		
Electrification.....	35	Inspection services.....	44
Export control.....	28	Lands.....	8
Farm drainage.....	40	Livestock diseases.....	14
Farm prices.....	11	Marketing.....	41,49
Farm program.....	19,39,49	Meat promotion.....	36
Flood control.....	12,23	Onion futures.....	19
Food reserve.....	45	Personnel.....	7,50
Foreign aid.....	9,26,34,52	Pay increases.....	4,24
Foreign trade.....	27	Postal rates.....	4,24
Forestry.....	1,47	Price supports.....	19
Health insurance.....	50	Prices.....	11,31
Imports.....	20	REA.....	10
Industrial uses.....	11	Reclamation.....	22
Information.....	21	Research.....	17,30,47
		Rice.....	15
		Saline water.....	18
		Seeds.....	12
		Small business.....	53
		Soil conservation.....	40
		Statehood.....	3,25,37
		Tobacco.....	38
		Trade agreements.....	5,46,54
		Travel costs.....	7,43
		Turkeys.....	41
		Watersheds.....	19
		Weed control.....	13
		Wildlife.....	17,19,40
		Wool.....	2

HIGHLIGHTS: See page 6.

HOUSE

1. APPROPRIATIONS. Received the conference report on H. R. 10746, the Interior appropriation bill for 1959, which includes Forest Service items (H. Rept. 1757). (pp. 8253-54, 8306) See table at the end of this Digest for information regarding Forest Service items, and excerpts from the conference report.
2. WOOL. The "Daily Digest" states as follows: "Committee on Agriculture; Subcommittee on Livestock and Feed Grains favorably reported to the full committee a committee print to extend the National Wool Act for 3 years, the provisions thereof to be included in an omnibus farm bill." p. D447
3. STATEHOOD. Agreed, 217 to 172, to a motion by Rep. Aspinall to begin consideration of H. R. 7999, the Alaska statehood bill, after the Speaker overruled a point of order by Rep. Cannon that the bill was not a privileged matter and the motion was out of order. pp. 8254-73

4. POSTAL RATES. Received the conference report on H. R. 5836, the postal rate and pay increase bill (H. Rept. 1760). (pp. 8274-93, 8307) Rep. McCormack announced that the conference report will be considered today, May 22. (p. 8293)
 5. TRADE AGREEMENTS. The Ways and Means Committee reported without amendment H. R. 12591, to extend the authority of the President to enter into trade agreements (H. Rept. 1761). p. 8307
 6. BUILDING SPACE. The Government Operations Committee ordered reported with amendment S. 2533, to authorize GSA to lease space for Federal agencies. p. D447
 7. PERSONNEL. The Government Operations Committee ordered reported H. R. 11133, to amend the Administrative Expenses Act so as to provide for the payment of travel costs for certain Federal personnel appointments to areas in which the CSC has determined there is a manpower shortage. p. D447
 8. LANDS. The Interior and Insular Affairs Committee ordered reported H. R. 6074 and H. R. 6075, to provide for the acquisition of lands for the U. S. required for the reservoirs created by the construction of the Randall and Oahe Dams on the Missouri River. p. D448
 9. MUTUAL SECURITY. Received from the Manager, Development Loan Fund, letters relative to the establishment of loans in various amounts, pursuant to title II of the Mutual Security Act of 1954, for several foreign countries. p. 8306
- SENATE
10. REA. Sen. Humphrey criticized the Secretary's actions under Reorganization Plan No. 2 of 1953 and asserted that they made the REA Administrator a figure-head. He announced that his Reorganization Subcommittee would hold hearings on this matter. He criticized Administration proposals on REA financing and inserted various resolutions from rural electric ass'ns opposing any increase in REA interest rates and articles from Rural Electrification magazine opposing such increases. pp. 8219-25
 11. FARM PRICES. Sen. Johnston stated that cotton farmers were in difficulties and that the Administration had not "followed through" on recommendations of the Commission on Increased Industrial Uses, and urged the Senate to vote to re-pass the freeze measure over the President's veto. pp. 8233-4
 12. SEEDS. Passed without amendment S. 1939, to make various amendments to the Federal Seed Act. pp. 8211-12
 13. WEED CONTROL. Passed without amendment S. 3861, to provide for the control of noxious weeds on Federal lands. p. 8211
 14. LIVESTOCK DISEASES. Passed without amendment S. 3076, to authorize the transportation in the U. S. of live foot-and-mouth disease virus for research purposes. p. 8211
Passed without amendment S. 3478, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus. pp. 8210-11
 15. RICE. Passed as reported H. R. 8490, to make two technical adjustments in the law relating to rice acreage allotments, to provide for reassignment of such allotments when the lands on which the allotment has previously been made is taken for public purposes, and to increase marketing quota penalties. pp. 8234-5

TRADE AGREEMENTS EXTENSION ACT
OF 1958

REPORT

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H. R. 12591

A BILL TO EXTEND THE AUTHORITY OF THE PRESIDENT TO ENTER INTO TRADE AGREEMENTS UNDER SECTION 350 OF THE TARIFF ACT OF 1930, AS AMENDED, AND FOR OTHER PURPOSES



MAY 21, 1958.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE

WASHINGTON : 1958



CONTENTS

	Page
I. General statement	1
A. Principal features of H. R. 12591.....	2
B. Explanation of provisions of the bill.....	4
Extension of the President's authority.....	4
Changes in the President's authority to decrease rates of duty.....	4
Extent of the President's authority to increase rates of duty.....	5
The negotiating procedures.....	6
The peril-point provisions.....	6
The escape clause.....	7
Concurrent resolution in escape clause cases.....	10
a. Reasons for the committee's amendments.....	10
b. Adoption of a concurrent resolution by two-thirds vote of each House.....	12
The National Security Amendment.....	13
C. History of the legislation.....	16
II. Need for extension of the President's authority to enter into trade agreements	16
1. To promote the national welfare.....	16
(a) The trade agreements program and the interests of agriculture, commerce, and industry.....	17
(b) The trade agreements program and the interests of agriculture.....	18
(c) The trade agreements program and the interests of labor.....	19
2. To promote the economic strength and political unity of the free world.....	20
3. The trade agreements program and the United States economic recession.....	21
4. The trade agreements program and the Soviet economic threat.....	21
5. The trade agreements program and the development of an outward-looking European Common Market.....	22
III. Section-by-section explanation of the bill	25
IV. Changes in existing law	32
Supplemental views of the Honorable Frank Ikard.....	43
Minority views.....	55
Additional minority views of the Honorable John W. Byrnes.....	87
Appendixes: Explanation.....	88
Appendix A. Accomplishments of the trade agreements program.....	88
A. Introduction.....	88
B. Tariff concessions exchanged between the United States and other countries.....	90
C. Achievements in reduction of quantitative restrictions against United States exports.....	91
D. Other important trade safeguards in the GATT.....	93
E. Settlement of trade problems.....	93
1. Netherlands preference on oranges.....	94
2. French stamp tax.....	94
3. Brazilian internal taxes.....	94
4. German discrimination in licensing of coal imports.....	94
5. Chilean luxury tax on automobiles.....	95
6. Whiskey exports to the United Kingdom.....	95
7. Discriminatory Haitian price regulations affecting United States cigarettes.....	95
8. Cuban periodicals tax.....	95
9. Cuban regulation on lard imports.....	95
10. Discrimination against American petroleum interests.....	95

	Page
Appendix B. Support for extension of the Trade Agreements Act.....	101
The executive departments' testimony.....	101
National business, industry and labor organizations.....	110
National agricultural groups.....	113
National public-interest groups.....	115
Regional—press, business, and industry:	
New England.....	117
The Middle Atlantic States.....	119
The South.....	120
The Southwest.....	122
The West.....	124
The Midwest.....	125
Appendix C. How a trade agreement is made.....	129

TRADE AGREEMENTS EXTENSION ACT OF 1958

MAY 21, 1958.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MILLS, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H. R. 12591]

The Committee on Ways and Means, to whom was referred the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, having considered the same, report favorably thereon without amendment, and recommend that the bill do pass.

I. GENERAL STATEMENT

On January 30, 1958, the President requested the Congress to provide the authority contained in H. R. 10368, and companion bills¹ which were introduced as a result of his request. The committee thereupon commenced six consecutive weeks of public hearings which began February 17 and concluded March 25. Approximately 200 witnesses appeared and some 250 statements were submitted for the record of these hearings. Testimony was received from Cabinet members, other government officials, Members of Congress, State and municipal officials, and spokesmen representing various segments of the United States economy.

In the extended executive sessions which followed the hearings, careful consideration was given to the testimony and views presented to the committee, and amendments to the administration bill were developed. Your committee's bill, H. R. 12591, superseding H. R. 10368 and companion bills, was introduced by the chairman at the direction of the committee and ordered reported to the House.

¹ These were H. R. 10369 (Kean), H. R. 10370 (Frelinghuysen) and H. R. 10371 (Chamberlain).

A. Principal features of H. R. 12591

H. R. 12591 continues to June 30, 1963, the authority of the President to enter into trade agreements. The present authority (extended by Public Law 86, 84th Cong.) terminates on June 30, 1958. Other principal features of H. R. 12591 are as follows:

1. The President is authorized to negotiate tariff reductions in new agreements by any 1 of 3 alternative methods, starting from the level of rates existing on July 1, 1958, as follows:

(a) Reductions in tariff rates existing on July 1, 1958, by a total of 25 percent of those rates, are authorized in stages of not more than 10 percent in any 12-month period.

(b) A reduction in tariff rates by two percentage points, or its equivalent (in the case of a specific duty) is authorized, as an alternative to (a). No reduction of more than one percentage point may be made in one 12-month period.

(c) Alternatively, a rate may be reduced to 50 percent ad valorem. This reduction must take place in no less than three annual stages, each limited to one-third the total reduction. (A similar authority was included in the 1955 Extension Act.)

2. The President is authorized to raise tariffs to a rate of 50 percent above the rate existing on July 1, 1934, or its ad valorem equivalent, instead of 50 percent above the January 1, 1945, rate as provided in the 1955 Extension Act.

3. The escape-clause procedure is retained and will be applicable to new as well as old concessions, with the following modifications in the procedure:

(a) Escape-clause proceedings are to be speeded up by the requirement that investigations and reports are to be completed by the Tariff Commission in 6 months instead of in 9 months as provided in present law.

(b) The Tariff Commission is given explicit subpoena powers in order to acquire necessary information relevant to its trade agreement responsibilities.

(c) The increased authority to raise rates may be used where appropriate for relief in escape-clause cases, making possible a rate as much as 50 percent above the 1934 rate.

(d) Duty-free items which have been bound in trade agreements may, in escape-clause cases, be made subject to duties up to 50 percent ad valorem.

(e) New language is added to the escape-clause provision to make explicit the eligibility of organizations or groups of employees to file application for an escape-clause investigation.

(f) When the President disapproves in whole or in part a Tariff Commission recommendation in an escape-clause case, the committee bill provides that effect shall be given to any part of the recommendations which has not been made effective, if there is approved, within 60 days of the submission of the report of the President's disapproving action, a concurrent resolution by a two-thirds vote of both Houses of the Congress. Any such resolution would be privileged in order to expedite congressional consideration.

4. The new tariff-reduction authority remains subject to the peril-point procedure, which is amended as follows:

(a) An escape-clause investigation is to be instituted automatically whenever the Tariff Commission finds in a peril-point report that an increase in duty over existing levels is required to avoid serious injury.

(b) The Tariff Commission is given increased time, 6 months instead of 120 days, in which to complete peril-point investigations and reports.

5. The national security amendment is amended to specify certain of the factors which are to guide the Director of the Office of Defense Mobilization and the President in considering whether imports are threatening to impair the national security.

In addition your committee has adopted the following procedural changes:

(a) The bill provides that the Director of the Office of Defense Mobilization shall carry out an investigation upon application of an interested party, or upon the request of the head of any agency of Government, or upon the motion of the Director himself.

(b) In order to expedite investigations and determinations under the national security amendment, the bill removes the requirement that the President make a new investigation upon receipt of a report from the Director of the Office of Defense Mobilization that he has reason to believe that imports of any product threaten to impair the national security. Under your committee's bill the Director of the Office of Defense Mobilization is charged with responsibility for making an investigation in the course of which he shall seek the advice of other agencies and on the basis of which he can render an opinion to the President as to whether imports of any product threaten to impair the national security.

(c) The bill requires that a report be published on the disposition of each investigation.

(d) The bill requires the Director of the Office of Defense Mobilization to issue procedural regulations for the conduct of investigations under this section.

6. The President is specifically directed to include in his annual report on the operation of the trade agreements program a statement on progress made in removing restrictions maintained by other countries on imports from the United States, including any which restrict imports of United States origin more severely than imports from other countries.

7. The bill states that it is the sense of the Congress that during the course of negotiating a trade agreement under the authority granted to him by this act, the President shall seek information and advice from representatives of American industry, agriculture and labor.

8. The bill provides that its enactment shall not be construed as either approval or disapproval of the executive agreement known as the General Agreement on Tariffs and Trade. This amendment repeats standard language which the Congress has embodied in the last several extension acts.

Following sections explain in more detail the provisions of the bill, the history of the legislation, and the need for the bill, and contain a technical analysis of the bill and changes in existing law. Background material on the accomplishments of the program, a summary of testimony and a description of existing trade agreement procedures are contained in the appendixes.

B. Explanation of provisions of the bill

EXTENSION OF THE PRESIDENT'S AUTHORITY

Under existing law, the President's authority to enter into trade agreements with foreign countries will expire June 30, 1958. Your committee's bill extends the period during which the President is authorized to enter into trade agreements from June 30, 1958, to June 30, 1963. This provision extends the President's authority for a longer period than was originally provided under the Trade Agreements Act of 1934 or by subsequent extensions. It is particularly important that the extension at this time be for a period of at least 5 years in the light of the prospective developments in foreign countries during the next several years, particularly the progress of the European Common Market formed by 6 countries of western continental Europe and the proposed establishment of a "free trade area," including Great Britain and some other countries together with the 6 members of the Common Market. In the light of these and other developments it is important that the continuity of the United States trade and tariff policy be assured during the period when the tariff and trade policy of these larger economic entities will be formulated, and particularly to provide for sufficient time within which the President can enter into and complete the negotiation of effective foreign-trade agreements with such entities. This matter is enlarged upon later in this report.

CHANGES IN THE PRESIDENT'S AUTHORITY TO DECREASE RATES
OF DUTY

Under the Trade Agreements Extension Act of 1955 the President has been authorized to reduce, through trade agreements, United States duties existing on January 1, 1955, (1) by not more than 15 percent of the rates in effect January 1, 1955, or (2) to not less than 50 percent ad valorem or equivalent thereof in the case of rates of duty which on January 1, 1955, were higher than 50 percent ad valorem. The President was limited in the use of this authority to whichever of these two standards permitted the greater reduction.

The 1955 act also provided, in its so-called staging provision, that the reduction in any rate of duty made effective in any 12-month period could not exceed 5 percent of the January 1, 1955, rate or one-third of the total permissible reduction, whichever of these is the greater. The 1955 legislation includes the so-called rounding-out provision which permits some additional reductions, within narrow limits, to avoid awkward fractions which might otherwise result.

Under your committee's bill, the President is authorized to decrease rates of duty in effect July 1, 1958, (1) by not more than 25 percent of such rates, (2) by not more than 2 percentage points, or (3) in the case of existing rates which are higher than 50 percent ad valorem, to not less than 50 percent ad valorem or its equivalent. The President's trade-agreement authority is limited to whichever of the three standards would permit the greatest reduction in duty.

The bill also contains a staging provision similar to that of the 1955 act. This provision would limit the reduction in any rate of duty that might be made in any 12 month period to 10 percent of the July

1, 1958, rate, or one-third of the total permissible reduction or, in the case of reductions made pursuant to the second of the 3 formulas above described, the reduction in duty made in any 12-month period might be as much as 1 percentage point ad valorem. The rounding out provision of the 1955 legislation would be continued.

The following differences between the committee's bill and the 1955 act should be pointed out with respect to the amount of authority provided. First, the base date from which reductions are permitted is changed from January 1, 1955, to July 1, 1958. Thus, subject to the safeguarding provisions of the peril-point procedure, further reductions can be made in those rates which have been reduced under the 1955 act. Second, an aggregate reduction of 25 percent from the base is permitted under the first alternative rather than an aggregate of 15 percent as under the 1955 act. Third, the present law contains no authority corresponding to the authority permitting reductions up to 2 percentage points; with respect to imports dutiable at rates lower than 8 percent ad valorem, 2 percentage points will be equivalent to more than 25 percent of base rates.

A further difference between the two bills is that under the 1955 act no reductions in duty might go into effect after the end of the renewal period, whereas under your committee's bill the only requirement is that the agreement be concluded before the end of the period, while the reductions granted might not become fully effective until later. Consequently, staged tariff reductions provided for in an agreement concluded under the new authority might be spread over a longer term than was true of reductions made under the 1955 act.

The additional authority provided by your committee's bill is necessary in order to make possible the consummation of a meaningful trade agreement, as discussed in the previous section, notably with the European Common Market. A more detailed discussion of any prospective tariff negotiation with the European Common Market is contained in section II 5 of this report.

EXTENT OF THE PRESIDENT'S AUTHORITY TO INCREASE RATES OF DUTY

Under present legislation the President is authorized to increase individual rates of duty through trade agreements to rates as much as 50 percent above the rates in effect on January 1, 1945. Under your committee's bill, the base date for such increases is shifted from January 1, 1945, to July 1, 1934. The authority to increase tariffs has been of principal importance with respect to the rates of duty that the President could bring into effect in escape-clause actions. At present, under the escape clause the President is also empowered to terminate concessions, thus usually bringing 1930 rates into effect, and to impose quotas.

The amendments of the escape-clause provisions of the legislation contained in the bill also authorize the President in pursuance of escape-clause investigations to impose duties not to exceed 50 percent ad valorem on imports that are free of duty under other legislation.

The changes from the 1955 legislation are designed to permit domestic industries sustaining serious injury from import competition to be protected by means of increased duties rather than by the imposition of import quotas, which are a much less desirable alternative since quotas not only pose serious administrative problems

but also result in completely barring imports from our markets beyond those permitted by the quotas.

THE NEGOTIATING PROCEDURES

Another amendment which your committee adopted declares it to be the sense of the Congress that the President, during the course of negotiating a foreign trade agreement, should seek information and advice with respect thereto from representatives of industry, agriculture, and labor. Under existing law industry, agriculture, labor, and the public are accorded an opportunity to present their views prior to the actual negotiation of trade agreements. The Trade Agreements Act specifically provides that public notice be given of intention to negotiate trade agreements so that interested persons and groups may present their views prior to the actual negotiation of trade agreements, and elaborate procedures have been established by the Executive to that end.² So far as the actual negotiations are concerned, the Executive has, as a matter of practice in recent years, appointed as public advisers to the United States delegation carrying on major negotiations with other countries, persons associated with and believed to be broadly representative of business, agriculture, and labor.

Your committee believes it desirable to record the view of the Congress that this practice should be continued and appropriately broadened so that competent, representative and diversified opinion from the public may be available in all major negotiations undertaken under this act. The advice of such informed persons representative of industry, agriculture, and labor, that is, the broad segments of the economy affected by such negotiations, should be of great benefit in assuring the adoption of sound positions by the United States.

On the same subject of procedures, the committee has noted the information furnished by the administration witnesses concerning the newly established Cabinet-level Trade Policy Committee.³ The committee was advised that the Trade Policy Committee was established to provide a means of insuring that trade agreement matters receive systematic review at the highest administration policy levels, and to advise the President on all aspects of the policy and administration of the trade agreements program.

THE PERIL-POINT PROVISIONS

As under the Trade Agreement Extension Act of 1955, changes of import duties in pursuance of trade agreements with foreign countries would be subject under the bill to the peril-point provisions. These provisions direct the President to supply the Tariff Commission with a list of the items on which concessions may be considered in projected trade agreement negotiations with foreign countries, and direct the Commission to find and report to the President the lowest rate of duty (either higher or lower than the existing rate) or other least restrictive customs treatment for each listed item necessary to avoid serious injury to the domestic industry producing products like or directly competitive with the imported article involved.

² For a detailed discussion of these procedures, see appendix C.

³ At present this Committee consists of the Secretary of Commerce, Chairman, the Secretaries of State, Treasury, Defense, Interior, Agriculture, and Labor, or of alternates designated by them. See also appendix C.

The peril-point provisions of the existing legislation are amended by the bill by extending from 120 days to 6 months the period which the Tariff Commission has, after its receipt of the lists of possible negotiating items, to complete its peril-point reports.

The purpose of this amendment of the peril-point provisions is to permit the Commission to make more extensive investigations in connection with its peril-point responsibilities. Under the bill, as under the existing legislation, the President is not bound by the Tariff Commission's findings but, also as under the existing legislation, he is required to report to the Congress within 30 days after the conclusion of any trade agreement his reasons for failing to negotiate a level of import restrictions equalling that reported by the Commission to be required to avoid serious injury to the domestic industry producing like or directly competitive products.

The bill also amends the peril-point provisions to direct the Tariff Commission, as the present legislation does not, to institute an escape-clause investigation automatically whenever it finds in a peril-point investigation that more restrictive customs treatment is required to avoid serious injury to the domestic industry producing like or directly competitive products. The purpose of this amendment is to provide for a more expeditious determination of whether escape-clause action is needed. Since in peril-point investigations, including hearings, attention is focused principally on the effect of possible decreases in rates of duty, it is appropriate to have a separate expeditious investigation based on the escape-clause criteria, before escape-clause action is taken increasing rates of duty.

Under this new provision, whenever a majority of Tariff Commissioners, or half the Tariff Commissioners and the President, agree on a peril point calling for increased tariff restrictions, an escape-clause investigation shall be instituted automatically. This assures that there may be no loss of time in proceeding toward a determination on a basis which will, if necessary, permit action by the United States. Although the President may still negotiate the indicated increases, together with compensatory adjustments, the possibility of escape-clause action, which international agreements permit without prior concurrence, will thus be assured, if needed, in the event agreement with another country on the increase proves impracticable.

In connection with the administration of the peril-point provisions, the committee noted again the problem which was discussed in 1955 in its report on H. R. 1 (which became the Trade Agreements Extension Act of 1955) regarding peril-point findings in the case of concessions which are to be put into effect gradually under the requirements for the staging of reductions. Although recognizing that the purpose of staging reductions on such a gradual basis is to ease the possible effects of greater competition resulting from such reductions by affording competing domestic industries opportunity to adjust to the prospect of such greater competition, it is the belief of your committee that, for practical reasons, the Tariff Commission may properly continue its practice, when making its peril-point determinations, of not attempting to give consideration to the additional uncertainties with respect to the prospective effects of duty reductions which are to take effect at some future point in time.

THE ESCAPE-CLAUSE PROVISION

Under the existing escape-clause provision the President is authorized to raise duties or impose quotas if such action is necessary to prevent increased imports of articles subject to trade agreement concessions from causing or threatening serious injury to a domestic industry producing like or directly competitive products. This procedure requires the Tariff Commission to make a thorough investigation, including a public hearing, so that interested parties may present oral or written views. If on the basis of such an investigation, the Tariff Commission finds that serious injury is being caused or threatened, it is required to submit a report within 9 months to the President including recommendations for remedial action. This procedure delegates to the President final determination regarding the matter.

This committee expressed in 1955 in its report on H. R. 1 its recognition of the importance of Presidential discretion to the effective use of his authority in carrying out the trade agreements program including the escape clause, which is an integral part of the program. The committee continues in the opinion that the President should have discretion to consider whether in his opinion the recommendations are soundly based and to take into consideration other matters, such as the effect of the proposed action on foreign relations.

In keeping with its report on H. R. 1 in 1955, the committee has kept the matter of administration of the escape clause under close study and as a result has decided to propose additional amendments to existing legislation with a view to making the escape-clause procedure more effective.

First, your committee recommends in sections 6 and 7 of this bill that machinery be provided whereby Congress may review recommendations of the Tariff Commission which are disapproved by the President in whole or in part. Under the bill, if the Congress decides as a result of such review that action recommended by the Tariff Commission should be put into effect, such action takes effect in the event that Congress adopts a concurrent resolution by a two-thirds vote in both Houses, approving the action recommended by the Tariff Commission. A more detailed explanation of this provision is included in the following section of this report.

Furthermore, the bill contains a committee amendment to section 7 (a) of the Trade Agreements Extension Act of 1951, which makes it clear that organizations or groups of employees can file an application for an escape-clause investigation. This amendment is aimed at removing any doubt that employee organizations or groups of workers who are or have been employed in a particular industry are qualified to make application for escape-clause investigations even though management does not join in the application. Such applications of employee organizations or groups of employees must of course conform to reasonable rules which the Tariff Commission is authorized to adopt.

In order to assure the Tariff Commission access to all necessary and pertinent information and to expedite escape-clause and peril-point investigations by the Commission, the bill provides, under another new provision, that the Tariff Commission be given the power of subpoena, in connection with its responsibilities under the trade agree-

ments and other legislation, similar to that which it has with respect to its responsibilities under the Tariff Act of 1930.

The committee considered the Tariff Commission's explanation of its understanding as to the necessary causal relationship, in escape-clause cases, between the tariff concession in question and the increased imports. It agreed that the Commission is warranted in considering that, when increased imports of a product on which a concession has been granted cause serious injury, there is sufficient evidence that the level of the existing duty reflecting the concession contributes, in part at least, to such increased imports.

The committee recognized that effective relief in the case of some products on which trade-agreement concessions have been granted may suggest the advisability of some remedial action on certain closely related nonconcession products. In such a case, the committee agreed that the Tariff Commission should draw to the attention of the President such other course of action as it might deem appropriate to avoid injury.

Whereas under existing legislation the Tariff Commission is allowed 9 months to complete an escape-clause investigation and report to the President, the committee has included in this bill a reduction of that time limit to 6 months with a view to expediting any relief which might be found necessary and appropriate as a result of the investigation. Your committee recognizes that this reduction in time may necessitate some increase in Tariff Commission personnel.

In an escape-clause application involving a product bound on the free list, the President's authority to grant relief is now limited to establishment of an import quota, because the existing law forbids transfer by the President of articles from the free list to the dutiable list and vice versa. Recognizing the inflexibility and the other disadvantages inherent in the use of quotas in international trade, your committee's bill expands relief measures for industry by granting the President authority in escape-clause cases to impose a rate of duty up to 50 percent ad valorem upon a free list item which has been bound in a trade agreement. Accordingly it will be appropriate for the Tariff Commission to recommend such action if it finds it necessary to prevent or remedy serious injury.

The committee bill also permits duty increases on dutiable items up to 50 percent above the July 1, 1934, level, a change from the present base date of January 1, 1945. This measure also will help avoid use of quotas.

Your committee is of the opinion that wherever possible the use of quotas should be avoided. Use of this most restrictive device as a feature of United States trade policy would impair our foreign relations and national security and our domestic efforts to strengthen free, competitive enterprise. If adopted as an instrument of American policy, quotas would destroy our cooperative international trading arrangements, and invite retaliatory restrictions on trade to the detriment of American producers, spreading through all sectors of the American economy. If the United States is to continue to lead the free nations to a more secure peace and a better world, it cannot afford to take economic measures in disregard of its own interest and of the interest of nations associated with it.

CONCURRENT RESOLUTION IN ESCAPE-CLAUSE CASES

Under existing law, upon receipt of the Tariff Commission's report of its investigation and hearings in escape-clause cases, the President may make such adjustments of duty, impose such quotas, or make such other modifications as are found and reported to be necessary to prevent or remedy serious injury to the domestic industry. If he does not take such action within 60 days he must report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate why he has not done so. While the Congress has the power to pass a bill which would have the effect of reversing the President's action where he disapproves a Tariff Commission recommendation, and to override a veto of such a bill if it is disapproved by the President, no such action has ever been taken since the escape-clause provision was first enacted in 1951.

Your committee has adopted two important amendments, contained in sections 6 and 7 of the bill, to the escape-clause procedure.

Section 6 provides that the action found and reported by the Tariff Commission to be necessary to remedy serious injury shall take effect, if disapproved by the President in whole or in part, in the event that, within the 60-day period following the President's report stating why he has not taken the action, the Congress, by a two-thirds vote of each House, adopts a concurrent resolution stating in effect that it approves the action found and reported by the Tariff Commission to be necessary. If the Congress adopts such a resolution, the President shall, within 15 days thereafter, take such action as may be necessary to make the adjustments, impose the quotas, or make such other modifications as were found and reported by the Commission to be necessary to prevent or remedy serious injury. This will enable the President to take the necessary action internationally under United States trade agreements.

Section 7 amends the rules of the House and Senate so as to give privileged status to a resolution introduced for the purpose of approving a Tariff Commission recommendation which has been disapproved by the President in whole or in part. Under these rules, such a resolution is to be referred to the Committee on Ways and Means of the House and the Committee on Finance of the Senate. If the respective committee has not reported it before the expiration of 10 calendar days from its introduction (or receipt from the other House), it shall be in order to move to discharge the committee from further consideration of the resolution. Such a discharge motion shall be highly privileged, with debate thereon limited to 1 hour, and no amendments to the motion permitted. When either committee has reported, or has been discharged from further consideration of such a resolution, a motion to proceed to consideration shall be highly privileged and not debatable, and the resolution shall be subject to a maximum of 10 hours debate and not subject to amendment. There are additional ancillary provisions, which are discussed in part III of this report.

(a) *Reasons for the committee's amendments.*—No part of the trade agreements program has been the subject of as much controversy in recent years as the escape clause. There are many who believe that the escape clause is harmful to the objectives of the trade agreements legislation—to increase the flow of trade between the United States

and its trading partners of the free world—because it continually poses the threat of, and has often resulted in, curtailment of imports when domestic industry is unable to compete successfully with imports on which concessions have been granted in return for reciprocal concessions. On the other hand, there are many who believe that the escape clause does not sufficiently protect domestic industry from competition resulting from increased imports upon which concessions were made. They contend that (a) Tariff Commission proceedings are time consuming and arduous, (b) the Tariff Commission has recommended remedial action in only 25 out of 87 cases, and (c) the President has accepted Tariff Commission recommendations in only 10 of the 25 cases.

The remedies suggested for these alleged infirmities of the escape clause run a wide gamut—from those which would result in no trade agreements program at all to those which would remove the escape clause. Your committee has spent weeks considering the escape clause and proposals to abolish or change it. After thorough consideration it adopted the amendments described above.

Escapes from international obligations authorized by the Congress in return for reciprocal obligations should not be lightly permitted. The proof of serious injury alleged to be threatened or to have resulted from imports should be convincing since there are important effects of escape-clause actions on our trading partners and the American public. It is the opinion of your committee that the President must continue to have discretion in escape clause cases because their effects on foreign relations and other aspects of the national interest may outweigh the benefit to a particular industry. However, since the Congress has authorized the President, in the trade agreements legislation, to exercise a portion of its constitutional power to regulate foreign commerce and to levy duties, under suitable standards and limitations, it is reasonable that Congress, the source of the power, should enable itself to review the effects upon domestic industry of the exercise of that power under procedures which in practice are feasible.

While this review is possible under existing law, through the enactment of a bill following the President's notification to the Congress of his disapproval of a Tariff Commission recommendation, as noted above in practice this has never been done. The obstacles to its being done are formidable. Such a bill, not being privileged, must take its turn along with the many other bills which are before the relevant committees for consideration. In addition, since such legislative action is outside the existing escape-clause procedure, it could lead to international complications should it be followed, since foreign countries, being very much aware of the American legislative pattern, have assumed that as a general matter the escape-clause procedures are at an end upon the President's approval or disapproval of a Tariff Commission recommendation. Consequently, the Congress, mindful of the effects of its actions upon the foreign relations of the United States, has been hesitant to take action which might adversely affect those relations. Finally, without an established and practical procedure, the Congress is less likely to address its attention to the particular issues raised in individual escape-clause actions, attention which is necessary before a meaningful review of such action should be undertaken.

Under your committee's bill, however, these problems are surmounted. The concurrent resolution procedure is made a formal part of the escape-clause procedure, and foreign governments are placed on notice that the escape-clause proceedings do not necessarily terminate upon the President's action. Secondly, the privileged status given to a concurrent resolution introduced pursuant to section 7 of the bill assures that it will receive expeditious consideration by the Committee on Ways and Means and the Committee on Finance. These committees would examine the Tariff Commission's report and the President's report with care and hold hearings if necessary. In the event that the committees did not act with expedition, the privileged status of the resolution would assure prompt consideration by the Congress. Accordingly, there would be an effective way of securing a review by the Congress of the effects upon domestic industry of the exercise of authority which it has granted to the President.

(b) Adoption of a concurrent resolution by two-thirds vote of each House.—Under section 6 of the bill, adoption of such a concurrent resolution, following Presidential disapproval in whole or in part of a Tariff Commission recommendation, requires a two-thirds vote of those present and voting in the House and the Senate. There are practical and legal reasons for this requirement. The practical reason is that it is reasonable to require a substantial majority of the Congress in order to override a Presidential determination where the relief to a domestic industry involves an escape from an international obligation duly assumed by the United States pursuant to a specific authorization to the President by the Congress. As noted above, it is the opinion of your committee that escape actions should not be lightly undertaken, involving as they do not only the interests of American businessmen and consumers, and of other American producers who may lose the benefit of the compensatory concessions which were reciprocally granted to the United States by foreign countries, but also the foreign relations of the United States to a serious degree. Your committee has been impressed with the great impact which escape-clause actions have had upon the foreign relations of the United States.

Accordingly, it is reasonable and just to require a two-thirds majority of each House to reverse an action of the President in a field which is so intimately related to the conduct of the foreign relations of the United States and where action by the Congress without the immediate participation of the President during the course of such action is involved.

The legal reasons for the two-thirds majority required in sections 6 and 7 relate to the issue of the validity of the concurrent resolution procedure, under which treatment of imported articles may be changed after the adoption of the concurrent resolution. Although many laws have been enacted during the past 30 years, incorporating the principle of action by the Congress without the participation of the President in terminating legislative authority granted in statutes, or in disapproving action taken by the Executive pursuant to authority granted in statutes, serious questions have been raised respecting the constitutionality of such measures in view of the provisions of article I, section 7, of the Constitution. This article sets forth procedures for enacting bills and with respect to orders and resolutions of the Congress. While no Federal case adjudicating the constitutional

issue has been decided, there is no doubt that a substantial constitutional question is involved.

By requiring a two-thirds vote of each House in adopting a resolution overturning the President's disapproval of a Tariff Commission recommendation in a particular escape-clause proceeding, your committee is of the opinion that, if and when the constitutional question is adjudicated, the position in favor of constitutionality will be enhanced. This is because a procedure whereby the Congress by a two-thirds vote of each House overrides a Presidential determination in a particular escape-clause action—the reason for such action having been communicated to the Congress in much the same fashion as a veto message communicates the reasons for a veto—is analogous to Congress' repassing a bill after a Presidential veto. Your committee has been informed by the executive branch that it, acting upon the advice of the Attorney General of the United States, has no objection to sections 6 and 7 of the bill, considering both the practical and legal questions involved.

THE NATIONAL SECURITY AMENDMENT

Section 2 of the 1954 Extension Act provided that no trade agreement reduction in duty shall be made if it would threaten domestic production needed for projected national defense requirements. Section 7 of the Trade Agreements Extension Act of 1955 amended this section by adding a new subsection providing a procedure for investigation and action by the President if he agrees with the Director of the Office of Defense Mobilization that any article is being imported in such quantities as to threaten to impair the national security. The 1955 amendment provided that, if the President found such to be the case, he take such action as he deems necessary to adjust imports to a level that would not threaten to impair the national security.

These provisions were the subject of voluminous testimony to the committee and of extended committee consideration. Most of the witnesses who addressed themselves to section 7 of the 1955 act were of the opinion that the provision should be amended in such a way as to speed up investigations and determinations under the section, and to clarify and make more specific the standards applicable to its administration. The committee has carefully considered the points of view expressed, and has concluded that any question as to the adequacy of section 7 is resolved by the amendments to that section which the committee has made.

Your committee was guided by the view that the national security amendment is not an alternative to the means afforded by the escape clause for providing industries which believe themselves injured a second court in which to seek relief. Its purpose is a different one—to provide those best able to judge national security needs, namely, the President and the Director of the Office of Defense Mobilization, acting with the advice of such Cabinet officers as the Secretaries of Defense, Commerce, and State, a way of taking whatever action is needed to avoid a threat to the national security through imports. Serious injury to a particular industry, which is the principal consideration in the escape-clause procedure, may also be a consideration bearing on the national security position in particular cases, but the avoidance or remedy of injury to industries is not the object per se. There are

other differences between the two procedures, such as that the one here under consideration applies to all imports whether or not the subject of trade agreement concessions. Again, in the choice of remedies the President is not limited in national security cases to actions which he might take under the authority delegated to him in the trade-agreements legislation. However, it should be pointed out that the actions he may take under the authority of the national security amendment are limited to actions to adjust imports. In emergencies and for such time as necessary, the President may also take any action available to him under any of his other powers. Your committee considered it paramount to emphasize, however, that any action, large or small, for a short or long time, can be taken only if warranted by national security considerations. The interest to be safeguarded is the security of the Nation, not the output or profitability of any plant or industry except as these may be essential to national security.

The committee amendments are designed to clarify the intent of Congress on this point and at the same time to create more certainty as to procedures and to expedite determinations to the extent that such is compatible with the fluid and complex interests involved.

The amendments are as follows:

(a) Section 2 (a) is modified to provide that no trade agreement reduction shall be made which would threaten to impair the national security. This statement of objective replaces the existing mandate to avoid a threat to "domestic production needed for projected national defense requirements," and makes the objective of section 2 (a) the same as that of 2 (b).

(b) With respect to section 2 (b), that is section 7 of the Trade Agreements Extension Act of 1955, the present law is silent as to the means by which an investigation of a possible threat to national security from imports is set in motion. Your committee's bill provides that an appropriate investigation shall be undertaken immediately by the Director of the Office of Defense Mobilization upon his own motion, on the request of the head of any other agency of the Government or upon application of an interested party, to determine the effects on the national security of imports of the article in question.

(c) Under existing law, an investigation is instituted by the President if the Director of the Office of the Defense Mobilization advises him as a result of his investigation that he has reason to believe that any article is being imported in such quantities as to threaten to impair the national security. Since in practice a full investigation is undertaken by the Director, the investigation which the President is required to make constitutes a second investigation of the same matter. Under your committee's bill, the only investigation required is that by the Director, described in (b) above. The opinion of the Director, which he is to render promptly to the President, should be based on a careful investigation of the facts, including consultation with other agencies of the Government, so that the President may be able to make his determination on the best advice and evaluation of all facts available within the executive branch of the Government. The revised provision will, however, leave unaltered the relationship between the Director and the President in national-security cases, namely, that the Director advises the President when in his opinion imports are threatening to impair the national security, and the

President thereupon makes a determination whether imports are giving rise to a threat to the national security, and, if so, what remedial action he deems necessary.

(d) The present law refers only to quantities of imports of goods which may be threatening to impair the national security. The committee amendment states that the circumstances under which imports are entering, which include their character and use, should also be studied.

(e) The President is called upon to take such action as he deems necessary to adjust imports of the article to such a level that they will not threaten to impair the national security. Recognizing that the indefinite continuation of such action may be neither necessary or appropriate, the committee amendment specifies that the President take the action for such time as he deems necessary.

(f) The bill sets forth in some detail some of the important factors which are to guide the Director of the Office of Defense Mobilization and the President in arriving at a determination as to whether imports are threatening to impair the national security. The committee is of the opinion that, in considering factors affecting national security, attention should be given to the continued accessibility, in periods of national emergency, of imports from areas close to the United States.

(g) Another subsection of the bill calls on the Director of the Office of Defense Mobilization, with the advice and consultation of other appropriate Government agencies, and with the approval of the President, to submit to the Congress by February 1, 1959, a report on the administration of the national security amendment. In preparing his report, he is to consult with other agencies and submit his report subject to the approval of the President. The committee expects that the Office of Defense Mobilization would also coordinate with such agencies on a continuing basis on all cases arising under this amendment.

(h) The Director of the Office of Defense Mobilization is also required to publish procedural regulations (which in the committee's views should provide for public hearings when appropriate) to give effect to the authority conferred on him by this provision. The committee understands, however, that the Director will also be prepared to dispense with normal procedures and formulate its views without extensive investigation in emergency situations if the necessity should arise.

(i) A report is to be made and published upon the disposition of each case coming under this provision: by the Director of the Office of Defense Mobilization if he is not of the opinion that a threat exists, or by the President if the Director of the Office of Defense Mobilization has rendered to him the opinion that imports threaten to impair the national security.

The committee bill specifically states that the revised national security provisions shall apply only to cases that have not been closed at the time of enactment of the bill. It would not require the reopening of cases which have been disposed of under the existing law.

The committee considers that the changes which it proposes in the national security amendment will greatly improve and facilitate its operation. It anticipates that cases will generally be completed in less time than has been possible under existing law.

C. History of the legislation

In 1934 Congress empowered the President to enter into trade agreements with other countries for a period of 3 years. The President's tariff-reducing authority was limited to 50 percent of the rates then in effect. This authority was extended by Congress in 1937, 1940, and 1943.

In 1945 Congress renewed the President's authority for 3 additional years, and increased it by authorizing him to reduce tariffs to 50 percent of the rates prevailing on January 1, 1945. This authority was further extended in 1948, 1949, and 1951.

In 1953 President Eisenhower asked Congress for a 1-year renewal of the trade agreements authority, pending a comprehensive reexamination of the economic foreign policy of the United States to be undertaken by a bipartisan commission. The Commission on Foreign Economic Policy was established under the chairmanship of Mr. Clarence B. Randall, with members drawn from both Houses of Congress and from the public. After extensive investigations it presented its recommendations to the President on January 23, 1954.

Based on these recommendations, the President in 1954 requested new authority, a major feature of which was the introduction of the requirement that reductions in rates should be staged over a period of years if the aggregate amount of reduction exceeded 5 percent of the starting rate. Instead the then existing act was extended without change for another year.

Early in 1955 the President requested that the act be renewed for 3 years in the form he had requested in 1954. It was then extended with certain modifications; as modified and adopted, it permitted the following kinds of reductions, which might not be used cumulatively:

1. Authority to reduce a rate from its January 1, 1955, level by as much as 15 percent, staged so that not more than 5 percent could become effective until the preceding stage had been in effect for a year and so that 5 percent authority was lost each year if not used.

2. Authority to reduce a rate to not less than 50 percent ad valorem or its equivalent, also in 3 stages a year apart.

II. NEED FOR EXTENSION OF THE PRESIDENT'S AUTHORITY TO ENTER INTO TRADE AGREEMENTS

Since 1934 the reciprocal trade agreements program has been an essential part of our national economic policy. It has contributed to the attainment of our foreign policy goals as well as our domestic economic objectives. The broad functions of the program can be summarized as follows:

1. To promote the national welfare

By reducing United States Government barriers to trade and by inducing other countries to lower their barriers, the trade agreements program stimulates a healthy expansion of international trade with a salutary impact on economic growth and well-being in the United States.

Through foreign trade, the American producer obtains more cheaply his raw materials and other supplies, some of which are available only abroad; the American consumer obtains a wider variety of products at lower costs; the American manufacturer, worker, and farmer find markets abroad for their goods.

The following comments summarized the specific contribution of the program to various sectors of American economic life.

(a) *The trade agreements program and the interests of agriculture, commerce, and industry.*—Reflecting the increasing importance of foreign trade to the strength of the American economy, the total value of our trade reached a record high in 1957. Exports of manufactured products, foodstuffs, and raw materials (exclusive of military aid) from the United States totaled \$19½ billion, while imports were \$13 billion. As in other years, foreign business continued to be an important factor in the prosperity enjoyed in the United States last year.

United States exports of merchandise in 1957 were about \$2 billion, or 12 percent greater than in 1956. Export prices were somewhat higher in 1957 but three-fourths of the 1957 increase was in the volume of goods exported.

By far the greatest part of our foreign trade is with the 43 countries with which trade agreements are currently in effect. In 1957 those 43 countries absorbed approximately 80 percent of our exports and supplied the same percentage of our imports. The value of our trade with each of those countries is shown in the accompanying table.

*Trade between the United States and countries with which it has trade agreements—
Preliminary data for 1957*

[In millions of dollars]

Country ¹	Exports from United States ²	Imports into United States	Country ¹	Exports from United States ²	Imports into United States
Argentina.....	\$281.8	\$129.3	Italy.....	\$661.4	\$245.2
Australia.....	212.3	146.3	Japan.....	1,230.5	600.5
Austria.....	68.2	37.1	Malaya, Federation of.....	42.6	192.3
Belgium-Luxembourg.....	419.2	270.2	Netherlands.....	555.7	165.2
Brazil.....	481.8	700.1	New Zealand.....	53.8	65.6
Burma.....	8.1	3.0	Nicaragua.....	39.1	22.3
Canada.....	3,904.8	2,904.3	Norway.....	85.3	63.3
Ceylon.....	13.3	32.5	Pakistan.....	115.4	39.6
Chile.....	194.8	196.3	Paraguay.....	11.2	6.6
Cuba.....	617.8	481.7	Peru.....	197.5	137.2
Denmark.....	87.7	73.7	Rhodesia and Nyasaland.....	20.1	52.0
Dominican Republic.....	74.3	63.1	Sweden.....	230.3	118.7
El Salvador.....	49.9	55.6	Switzerland.....	238.5	173.0
Finland.....	34.0	40.0	Turkey.....	139.3	92.4
France.....	588.7	258.0	Union of South Africa.....	284.7	100.8
Germany (Federal Republic).....	953.9	604.6	United Kingdom.....	1,099.7	765.4
Ghana.....	10.1	45.2	Uruguay.....	48.7	17.9
Greece.....	86.0	35.0	Venezuela.....	1,049.6	899.8
Haiti.....	24.2	18.3			
Honduras.....	41.5	26.2	Total, trade-agreement countries.....	14,895.6	10,332.4
Iceland.....	10.2	6.7	Total, all countries.....	18,828.2	12,978.1
India.....	437.5	211.1	Percent, trade-agree- ment countries.....	79.1	79.6
Indonesia.....	109.3	203.4			
Iran.....	82.8	32.9			

¹ Not including overseas territories.

² Not including special category items.

Source: Prepared from basic data of the Bureau of Census, U. S. Department of Commerce.

As Secretary of Commerce Weeks informed the committee, our total exports of goods and services currently represent about 6 percent of the gross national product. He pointed out that the value of American goods sold abroad in 1956 was greater than all consumer purchases of automobiles, parts, and accessories, or all residential nonfarm construction, or all consumer purchases of furniture and household equipment.

Of our total output of movable goods, 10 percent was exported in 1957. These exports included 13 percent of our machine tool production, 20 percent of our production of trucks, and more than a quarter percent of our output of construction and mining equipment.

United States trade figures show interesting trends in the last 5 years in a number of industries whose products are both exported and imported in significant amounts. For example, we exported about \$900 million worth of chemicals and allied products and imported about \$450 million worth in 1953. By 1957 our exports of these products had reached \$1.5 billion, while our imports have remained at or below the 1953 level. These figures suggest the great importance to the American chemical industry of maintaining ready access to foreign markets for its products.

The trade in iron and steel-mill products shows a similar picture. Imports of these products were about \$200 million in 1953 and again in 1957, while exports nearly doubled during this period, from about \$560 million in 1953 to more than \$1.1 billion in 1957.

In some categories where imports have risen appreciably in recent years, exports have shown a greater rise in dollar value. In industrial and business machinery, for example, where imports rose from \$150 million to \$280 million between 1953 and 1957, exports increased from \$1.7 billion in 1953 to more than \$2.6 billion in 1957.

The same is true of automobiles, despite the increased imports of foreign cars which are evident on our streets and highways. The value of our imports of foreign automotive vehicles including parts and accessories, has increased from \$53 million in 1953 to \$337 million in 1957. Meanwhile, our exports of these products have risen over the same period, from \$963 million to \$1,304 million.

Your committee has given careful consideration to the statements of some industries that they are facing serious problems which they attribute to increased competition from imports, and more particularly to increased imports resulting from the operation of the trade agreements program. On careful examination, however, the decreased prosperity of a particular industry appears in many cases to be attributable to causes quite separate from tariff policy, such as changes in consumer preferences, technological changes, and other developments. With a view to minimizing the possibility that the trade agreements program developed in the national interest could adversely affect certain susceptible industries, your committee has given particular attention to the question of safeguards, and is satisfied as to the adequacy and appropriateness of the safeguards in existing law, as modified by the committee bill.

(b) *The trade agreements program and the interests of agriculture.*—The United States is the world's largest exporter of farm products, supplying 22 percent of the agricultural products moving in world trade in fiscal year 1957, and selling abroad the output of 1 acre out of 5 of American cropland. In that year exports of some of our most important crops reached all-time record levels, including wheat and flour exports equivalent to 55 percent of United States wheat production, soybeans and soybean oil equivalent to 37 percent of the soybean crop, and rice exports amounting to 85 percent of total United States output. Cotton exports were the highest in a quarter of a century, accounting for 60 percent of the United States crop. One-fourth of the tobacco crop was exported, almost half the tallow, and one-fifth

of the lard. Of the fruit moving in world trade, the United States supplied one-fifth of the fresh citrus, one-third of the canned deciduous fruit, and about one-fourth of the dried fruit. American fruit sold abroad represented about one-tenth of United States production.

Exports of American farm products in recent years have of course been stimulated by special programs. Nevertheless, dollar exports of agricultural commodities in fiscal 1957 were the second highest in history. Of our total agricultural exports amounting to \$4.7 billion in that year, nearly four-fifths went to countries with which we have trade agreements. Approximately two-thirds of our exports of farm products to these countries benefited by concessions granted to the United States under trade agreements. In addition, many countries in 1957 liberalized their treatment of imports of agricultural products from the dollar area in accordance with their trade agreement obligations to remove quantitative restrictions on imports as their balance of payments positions permit.

Troubled by the problem of surpluses, American agriculture has a vital interest in expanded foreign markets. The hoped-for increases in exports of agricultural commodities are inescapably linked to continuing expansion of the world economy, stimulated to an important degree by the continuing growth of international trade on a mutually profitable basis.

(c) *The trade agreements program and the interests of labor.*—In industry, in agriculture, in all the activities associated with transportation and communication, foreign trade generates employment. According to the Department of Labor, the jobs of about 4,500,000 workers, or 1 out of every 14 workers in the United States, are attributable to the activity created by foreign trade. Importation of goods from foreign countries provides jobs for a total of almost 1,400,000 of these American workers, while about 3,100,000 owe their livelihood to exports.

It has been suggested recently that renewal of the trade agreements authority might be inadvisable at this time in view of the current recession in business activity and employment. However, an analysis made by the Department of Labor shows that exports helped to cushion the declines in employment in several of the very industries which have experienced the largest drops in production and employment in recent months. In categories where unemployment has been particularly felt, exports in the electrical machinery manufacturing industry were up by 8 percent in early 1958 compared with early 1957, in the industrial machinery industry by 11 percent, and in transportation equipment by 2 percent.

In the course of the hearings held by your committee, the allegation was made on numerous occasions that, particularly in some industries, lower wage rates in other countries are a source of unfair competition to American manufacturers and American labor. The fallaciousness of this charge is evident from the fact that the United States is the leading exporting country of the world, competing successfully in a wide range of products in markets around the world. Last year when exports of finished manufactures totaled over \$10½ billion, imports of dutiable finished manufactures amounted to only \$2¼ billion. United States producers are able to maintain this competitive success because of their important advantages in other factors of production, such as availability of capital, raw materials, transportation, technical and managerial skills, and fuel and power, at costs which are favorable

compared to costs in other countries. Furthermore, differences in money wages do not tell the whole story even in terms of wage costs. Many foreign countries have substantial hidden wage costs as well as overt fringe benefit costs that narrow the gap between their wage bill and ours.

Serious attention has been given to a particular aspect of the labor standards question, namely, the desire to avoid giving import advantages to industries in which the labor standards are clearly unfair in the light of relative standards in the country in question. In 1954 the President informed the Congress that he had approved the recommendation of the Commission on Foreign Economic Policy that the United States should, as a general rule, not make reductions in tariffs on products made by workers receiving wages which are substandard in the principal exporting country which is the principal supplier. With this policy as a guideline in the administration of the trade agreements program, the interests of American labor are specifically protected against unfair competition from substandard wage rates.

2. To promote the economic strength and political unity of the free world

The trade agreements program is an important element of our foreign policy. Secretary Dulles testified before your committee how the program contributes to the achievement of our objectives in the foreign field.

The program makes a major contribution to foreign economic strength. Each of the other countries of the free world is smaller or less diversified economically than the United States. These countries must import much larger shares of what they need. They can do this only if their exports are correspondingly large. They can be strong only if they have reasonable opportunities to expand their foreign trade. A forward looking trade program supports foreign economic growth at the same time as it stimulates a healthy economic expansion at home.

Now as never before in our history, the United States needs staunch and strong allies. It is not the task of this committee to elaborate on the importance of this to our national security. But we do want to make clear that expanded international trade is vital to the health and growing strength of the economies of our allies. Their political stability and military power depend on their underlying economic base. This is heavily influenced by their ability to expand their foreign trade. The trade policy of the United States is of immediate concern to most foreign countries. Critical segments of their economies are dependent on trade with the United States. Any United States action which affects or threatens to affect markets for foreign products can be of major importance to a number of friendly countries and can seriously affect our relations with them. This can be the case even though the products involved represent only a very small percentage of the total American economic activity.

In addition to these general factors, at this time in history, consideration of the renewal of the trade agreements legislation necessarily involves three current and specific matters: The United States economic recession, the Soviet economic threat, the European common market. In dealing with each of these, the trade agreements program has a role to play.

3. The trade agreements program and the United States economic recession

At the moment the United States is experiencing a business downturn. This appears to be temporary. The basic long-term economic forces in the country are expansionary. Moreover, the Congress is considering measures to foster a speedy and sound recovery.

The committee is aware that the rise in unemployment and the slackening in United States production have caused some observers to argue for a reversal of our program of tariff liberalization. It has been argued that at this time foreign competition must be kept out.

But, if we accept this argument, we will have shown ourselves poor students of history. This view prevailed in 1929 and 1930. We increased our trade barriers then. But this attempt of America to protect its industry and to stimulate employment failed. Other nations confronted with increased trade barriers abroad as well as shrinking demand at home retaliated with restrictions against our goods. The anticipated advantages of higher tariff protection to our producers were not realized. We were worse off than when we started. Our friends were worse off. And each blamed the other for deepening the depression. In this connection, it is clear that in the recessions of 1949 and 1953-54, foreign demand for United States exports was maintained at high levels, and served to buoy up the domestic economy. In the interests of our domestic economy, we must continue to pursue a policy that looks to an expansion of world trade.

4. The trade agreements program and the Soviet economic threat

In the past 3 to 4 years the countries of the Communist bloc have entered into an accelerated program of economic penetration of many countries of the free world. The Soviet bloc has offered sizable amounts of economic aid. It has carried out an impressive program of technical assistance. It has vigorously pursued a program designed to expand its foreign trade, especially with the low income countries on its periphery.

The Soviet bloc is using its economic strength and flexibility to achieve goals which it can no longer achieve through military aggression without fear of free world military retaliation.

We have several major weapons in this cold battle. The United States is the world's largest importer. It is the world's largest exporter of both agricultural and industrial products. It is the world's major provider of capital and technical assistance.

To meet these formidable weapons, the Communist countries have one important asset. Importing and exporting are state monopolies and domestic considerations can be largely ignored. Thus, a Communist country can, within very wide limits, manipulate its trade with other countries for political purposes. The United States, as a free enterprise economy, is unwilling to compete with the Soviets in this type of international economic warfare. In the interests of an orderly and expanding United States and world economy, we prefer to promote opportunities for private trade to expand on the basis of equal opportunities for all with governmental intervention at a minimum.

That being the case we must continue the trade agreements program. Failure will handicap our effort by forcing other countries to look to

the Soviet bloc as a market for their products and as a source of supply for their domestic economic needs.

The link between trade with the Communists and Communist domination is not always apparent. But the opportunity is there and the Soviets can be expected to make the most of it.

5. *The trade agreements program and the development of an outward-looking European Common Market*

On the first day of 1958, the Treaty of Rome establishing the European Economic Community or the common market went into effect. Belgium, France, the German Federal Republic, Italy, Luxembourg and the Netherlands have agreed to put aside their age-old rivalries, gradually to eliminate all barriers to trade among themselves and to act toward the rest of the world as a single economy.

The political promise of this dramatic move is one of the most hopeful ones on the world scene today. As a minimum, the Treaty of Rome foretells a degree of western European harmony, promising the eventual elimination of national rivalries and good relations between Germany and its western neighbors. Moreover, it is a long step toward a real federation of Europe—a development which is essential if the western European countries are to maintain their historic position in the world.

The creation of a single market of over 160 million consumers, sensibly oriented toward stimulation of the most economic patterns of production, should raise living standards and should expand trade with the rest of the world.

It cannot be assumed, however, that the common market will necessarily operate to that effect. Nonmember countries will, in a number of cases, be placed at a competitive disadvantage compared to member countries and their overseas territories. There will be pressures within the European Common Market to maintain, if not enhance, the position of its domestic producers. This will affect other countries as well as the United States. The extent of the disadvantage under which nonmember countries are placed will depend entirely on the common tariff which the six countries erect.

Under the GATT the common market countries are obligated to negotiate compensation for any increases in rates bound in their GATT schedules. Moreover, they have an obligation to keep their common tariff at a level no higher than the general incidence of their existing national tariffs. But given the more favorable conditions which producers within the common market will have, as compared with producers in other countries, the United States needs to do more than to safeguard its existing rights. It needs to negotiate with the common market, in concert with other contracting parties to the GATT, for an exchange of tariff concessions which would bring the external tariff to lower levels than could otherwise be achieved. Only in this way will the United States and the rest of the free world be able to obtain the fullest advantage from the development of the common market.

The founders of the European Common Market intend that it should be an outward-looking community. They have expressly declared their willingness to work with other countries for increased trade. But clearly this implies a willingness to bargain—not an offer to give away favors. The United States, as the largest single market

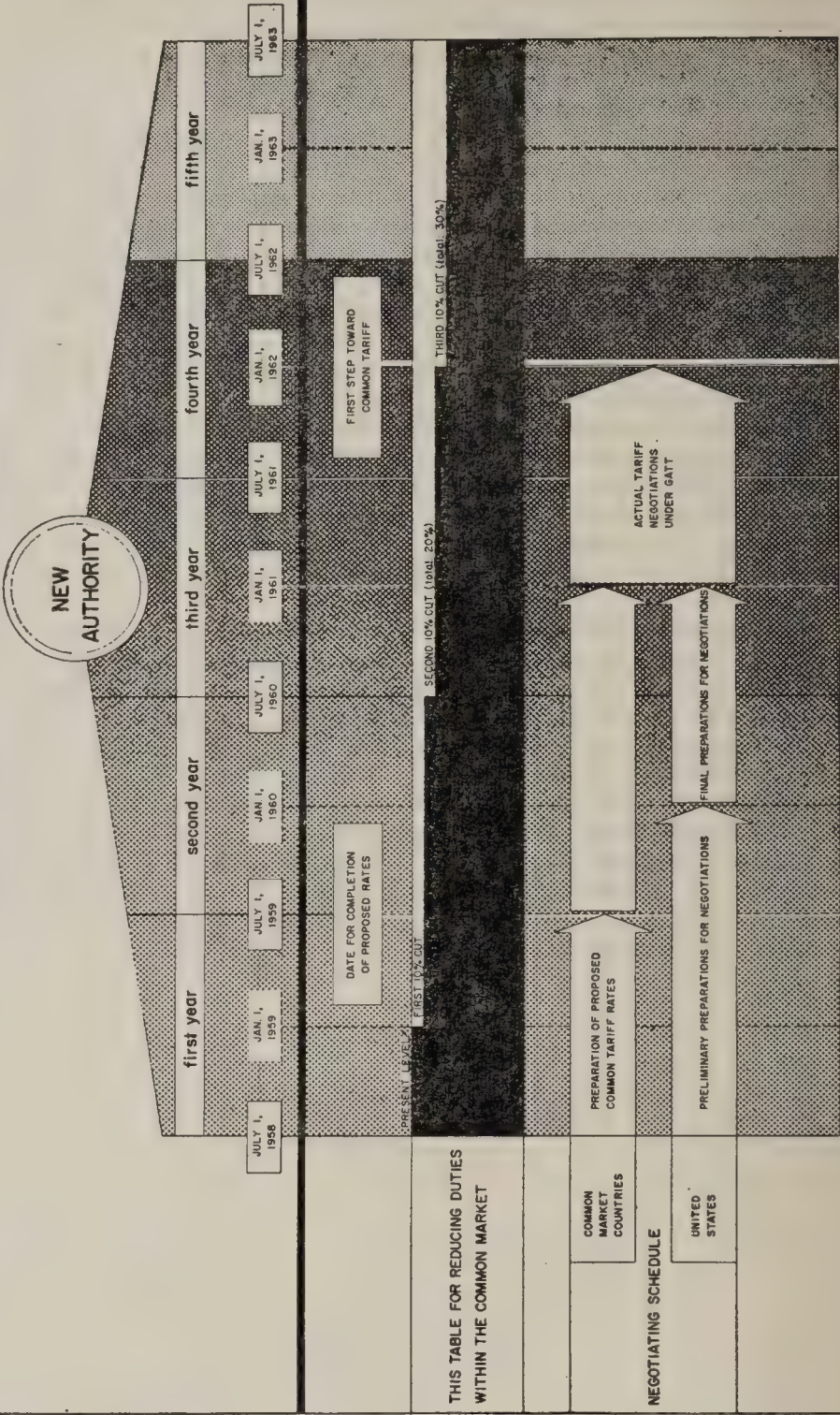
in the world, must be able to make trading offers which would be attractive to the European Common Market. We must, therefore, be able to negotiate with the European Economic Community, as an instrumentality of foreign governments, for substantial reductions in tariffs on a carefully selective basis. Only in this way will there be sufficient leverage to insure a healthy and competitive expansion of trade with the Common Market.

We expect that in 1962 the 6 European countries will take the first step toward unification of the Common Market external duties. (See accompanying chart.) It is important that during this formative period there should be sufficient authority in the trade agreements legislation to permit active planning for the necessary negotiations. Between the present time and 1962 exhaustive preparations for the complicated and detailed negotiations will be required. We need to give our negotiators authority to start, carry on, and finish this monumental task. That is why a 5-year extension of the Trade Agreements Act is endorsed by your committee.

Both are essential. The Europeans need assurances of stable United States purpose in the negotiations. And we need to have bargaining leverage—something to offer them in return for concessions. We must accept this in the interest of American producers and investors. Otherwise exporters of some important products would be placed at a disadvantage in exporting to the new European mass market.

Finally, our acceptance of this role will be in the interest of the underdeveloped countries, no one of which is strong enough to bargain successfully with the Common Market. A forward-looking trade program by the United States will affect the low-income countries of the free world in two ways. One, it will provide these countries with a stable and expanding market in the United States. Two, and equally if not more important, through the momentum we alone can give to the holding of a new general multilateral tariff negotiation with the Common Market, the program will give the developing countries an opportunity to negotiate with the six and so expand and stabilize markets in industrial Europe for their products as they move toward higher living standards for their people.

FIVE YEAR EXTENSION OF TRADE AGREEMENTS AUTHORITY
AND THE EUROPEAN COMMON MARKET SCHEDULE



III. SECTION-BY-SECTION EXPLANATION OF THE BILL

First section—Short title

This section states that the bill may be cited as the "Trade Agreements Extension Act of 1958".

Section 2. Renewal of authority

This section extends the period during which the President is authorized to enter into trade agreements from the close of June 30, 1958, until the close of June 30, 1963.

AMENDMENTS TO SECTION 350 OF THE TARIFF ACT OF 1930, AS AMENDED

Section 3 (a) (1). Authority to increase rates (amending sec. 350 (a) (2) (A))

This amendment, by changing the base date for computing permissible increases in duty from January 1, 1945, to July 1, 1934, permits the President to increase duties more than the present law allows.

Section 3 (a) (2). Agreements to which 1955 act authority applicable (amending sec. 350 (a) (2) (D))

The reduction authority under the Trade Agreements Extension Act of 1955 is retained just as that act retained the authority under the 1945 legislation. The operation of this authority is limited, by this amendment, to agreements entered into before July 1, 1958.

Section 3 (a) (3). Valuation for ad valorem equivalents (amending sec. 350 (a) (2) (D) (ii))

This amendment permits the use of the valuation provisions added by the recent Customs Simplification Act of 1956 or the earlier valuation provisions of the Tariff Act, whichever are applicable, in determining ad valorem equivalents of specific duties.

Section 3 (a) (4). Reference to new limits on reduction authority (amending sec. 350 (a) (2) by adding a new subpar. (E))

This amendment adds a cross reference to the new overall limitations on the President's authority to reduce duties summarized under section 3 (a) (8) below.

Section 3 (a) (5). Effective dates of proclamations (amending sec. 350 (a) (3) (A))

Under existing law the President's authority to proclaim the effective date of duty changes is subject to so-called staging provisions which within the overall duty reduction authority further limit the amount of a decrease that can be put into effect at one time. This amendment adds a cross reference to the new staging provisions summarized under section 3 (a) (8) below.

Section 3 (a) (6). Rounding out (amending sec. 350 (a) (3) (D))

This amendment makes the present rounding out provisions applicable to the new rate reduction authority.

Section 3 (a) (7). Renumbering of certain paragraphs (amending sec. 350 (a) (4) and (5))

This amendment renumbers existing paragraphs (4) and (5) as (5) and (6) to make way for a new paragraph (4) as summarized under section 3 (a) (8) below.

Section 3 (a) (8). New limits on reduction authority and new staging provisions (amending sec. 350 (a) by adding a new par. (4))

A. *New limits on reduction authority (new par. (4) (A)).*—The President's authority to reduce duties in carrying out trade agreements entered into on or after July 1, 1958, and before July 1, 1963, is limited by this amendment to the lowest of the following rates:

(i) The rate which would result from decreasing the July 1, 1958, by 25 percent of that rate.

(ii) The rate which is 2 percentage points ad valorem below the July 1, 1958, rate (e. g., if the July 1, 1958, rate were 7 percent ad valorem, it could be reduced to 5 percent ad valorem). This could not be used to achieve a transfer to the free list.

(iii) The rate which is 50 percent ad valorem.

Although alternatives (ii) and (iii) are stated in terms of ad valorem rates, they would also apply to articles subject to specific rates, and provisions similar to those now existing have been included for determining their ad valorem equivalent.

B. *New staging provisions (new par. (4) (B) and (C)).*—The maximum amount of reduction which may be put into effect in any one stage under each of the above alternatives is as follows:

Under (i): 10 percent of the July 1, 1958, rate except that, where that rate has been increased after July 1, 1958, as by the termination of a prior trade agreement, the maximum amount shall be one-third of the total reduction or 10 percent of the July 1, 1958, rate, whichever is greater.

Under (ii): 1 percent ad valorem except that, where the July 1, 1958, rate has been increased since that date, the maximum amount shall be one-third of the total reduction or 1 percent ad valorem, whichever is greater.

Under (iii): One-third of the total reduction.

In no case may there be more than 5 stages, nor may separate stages be less than a year apart, nor may the last stage be later than 4 years after the first stage. In determining when the 4-year period expires, any time (after any part of a decrease has become effective) during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder (such as escape clause action) is to be excluded.

Parts of the 15 percent authority under the 1955 act are lost if not put into effect by specified dates before July 1, 1958. Under the committee's bill, however, the President is permitted to enter into a trade agreement, using the full reduction authorized by this bill, at any time during the 5-year period of this negotiating authority and to put such reduction into effect either during or after that period.

Section 3 (b). Authority for Cuban negotiations (amending sec. 350 (b))

This amendment, in conformity with long-established practice, makes the new limits of authority summarized above specifically applicable to products of Cuba, a country accorded preferential rates. It would continue the present limited authorization to establish for

Cuban products lower rates to the extent necessary to maintain existing margins of preference. Also, under the amendment the preferential duty arrangements with Cuba need not be embodied in exclusive agreements made with Cuba alone.

Section 3 (c). Definition of duties "existing on" specified dates (amending sec. 350 (c) (2) (A))

This is a technical amendment which extends the present definition of the phrases "existing on January 1, 1945" and "existing on January 1, 1955" to cover similar phrases containing the dates July 1, 1934 (the new base date for computing duty increases) and July 1, 1958 (the new base date for computing certain decreases).

Section 3 (d). Annual reports by the President on trade agreements program (amending sec. 350 (e))

This amendment adds to the specific enumeration of matters to be included in the President's annual report to the Congress on the trade agreements program the results of action taken to obtain removal of foreign trade restrictions (including discriminatory restrictions) against United States exports, remaining restrictions, and the measures available to seek their removal in accordance with the objectives of section 350 of the Tariff Act of 1930.

Section 3 (e). Information and advice from industry, agriculture, and labor (amending sec. 350 by adding new subsec. (f))

This amendment declares it to be the sense of the Congress that the President, during the negotiation of trade agreements, should seek information and advice from representatives of industry, agriculture, and labor.

AMENDMENTS TO THE TRADE AGREEMENTS EXTENSION ACT OF 1951, AS AMENDED

Section 4 (a). Extension of time for peril-point investigations (amending sec. 3 (a))

This amendment extends the period for the conduct of peril-point investigations by the United States Tariff Commission from 120 days to 6 months.

Section 4 (b). Escape-clause investigation if injury found in peril-point investigation (amending sec. 3 (b))

This amendment adds a new requirement for the prompt initiation of an escape-clause investigation by the Tariff Commission if, in the course of a peril-point investigation, it finds with respect to any article upon which a tariff concession has been granted that an increase in duty or additional import restrictions are required to avoid serious injury.

Section 5 (a). Applications by employees for escape-clause investigation (amending sec. 7 (a))

This amendment makes it clear that the term "any interested party" includes any organization or group of employees.

Section 5 (b). Decrease of time for escape-clause investigation (amending sec. 7 (a))

This amendment reduces the period for the conduct of escape-clause investigations by the Tariff Commission from 9 months after application for the investigation is made to 6 months after the application is made. Provision is made that this amendment shall apply only to applications made after enactment of this act.

Section 5 (c). Authority to impose duties on free-list articles under escape clause (amending sec. 7 by adding new sec. 7 (f))

This amendment authorizes the President, notwithstanding the prohibitions in section 350 (a) (2) of the Tariff Act of 1930 relating to transfer of an article between the dutiable and free lists, to impose, in an escape-clause action only, a duty not in excess of 50 percent ad valorem on any article otherwise free of duty.

Section 6. Taking effect of escape-clause actions found and reported by Tariff Commission to be necessary to prevent or remedy serious injury (amending sec. 7 (c))

This amendment provides that action found and reported by the Tariff Commission in an escape-clause proceeding to be necessary to prevent or remedy serious injury shall take effect (as provided in the first sentence of sec. 7 (c) of the Trade Agreements Extension Act of 1951, or in a new par. (3) added to such section by the bill, as the case may be)—

- (1) if approved by the President, or
- (2) if disapproved by the President in whole or in part, upon the adoption by both Houses of the Congress, by the yeas and nays by two-thirds vote of each House, of a concurrent resolution stating, in effect, that the Senate and House of Representatives approve the action so found and reported by the Tariff Commission to be necessary.

The adoption of the concurrent resolution must occur within the 60-day period following the date on which the President submits his report (required by sec. 7 (c) of existing law) to the Committee on Ways and Means and to the Committee on Finance stating why he has not taken the action found and reported by the Tariff Commission to be necessary. In computing the 60-day period, days on which either House is not in session because of an adjournment of more than 3 days to a day certain, or because of an adjournment of the Congress sine die, are to be excluded.

Under the new paragraph (3) added by the bill to section 7 (c) of the Trade Agreements Extension Act of 1951, if a concurrent resolution is adopted by both Houses of the Congress as provided in the bill, the President is required (within 15 days after the adoption of the resolution) to take such action as may be necessary to make the adjustments, impose the quotas, or make such other modifications as were found and reported by the Tariff Commission to be necessary.

Section 7. Rules of Senate and House with respect to certain concurrent resolutions under section 6

Section 7 of the bill provides a set of rules for the consideration of concurrent resolutions referred to in the amendment made by section 6 of the bill. The rules have the underlying purpose of permitting those in favor of such a resolution to get a vote on the merits within

the 60-day period without their will being frustrated by parliamentary technicalities or filibusters.

Subsection (a) expressly provides that these rules set forth in the bill are adopted in pursuance of the power of each House to make its own rules, that they apply only to concurrent resolutions which follow the precise form provided in subsection (b), that these rules are to be considered as a part of the rules of each House and supersede other rules only to the extent that such other rules are inconsistent with the rules stated in the bill. Further, the subsection expressly recognizes the constitutional right of either House at any time to change the rules set forth in the bill.

Subsection (b) contains the definition of "resolution" for the purposes of the rules. Since the rules have as one of their objectives the elimination of the necessity for a conference between the two Houses and, as another, the elimination of debate upon amendments, the exact form of the resolution to which such rules apply is set forth. The resolution can specify only one investigation. By its terms it relates to all the action found necessary by the Tariff Commission, not to parts of it. A resolution departing from this form does not have the benefit of such rules, but if adopted within the 60-day period is just as effective under section 6 of the bill as one which follows the form.

Subsection (c) provides for reference of the resolution to the Committee on Finance or to the Committee on Ways and Means, as the case may be.

Subsection (d) provides a procedure for discharge of the committee. If the committee fails to report a resolution within 10 days after introduction (or receipt from the other House) a motion may be made to discharge the committee. The motion may relate to any resolution in the committee if the 10-day period has expired on one which is in the committee.

Such a motion may be made only by a person favoring the resolution. It is highly privileged. Debate on the motion to discharge is limited to 1 hour, to be equally divided. The motion cannot be amended, and no motion to reconsider will lie. If the motion to discharge is agreed to, or disagreed to, it cannot be renewed nor may a motion be made to discharge the committee from consideration of any other resolution relating to the same investigation which is in the committee. Failure of the motion to discharge does not prohibit the committee from reporting a resolution thereafter and has no effect on the status of a resolution not following the prescribed form.

Subsection (e) provides for the consideration of the resolution. If the committee has reported or been discharged from consideration of a resolution relating to an investigation, it is in order, at any time, for any member to move to proceed to the consideration of the resolution. That motion may be made at any time and even if a previous similar motion has been lost. The motion to consider is highly privileged, is not debatable, and may not be amended, and no motion to reconsider will lie. Debate on the resolution is limited to not to exceed 10 hours, equally divided. A motion to limit debate is not debatable, and a motion to extend debate will not lie. No amendment to the resolution, or motion to recommit it, is in order and no motion to reconsider the resolution will lie.

Subsection (f) provides for decision without debate on all motions to postpone with respect to a resolution and on motions to proceed to other business. It also provides that appeals from decisions of the Chair under these rules and the other rules of the body shall, insofar as they relate to such resolutions, be decided without debate.

Subsection (g) provides for the case where a resolution is received from the other House. Thus, assume the case where the Senate receives from the House a resolution prior to the adoption of a Senate resolution relating to the same investigation: If no Senate resolution has been referred to committee, only the House resolution may be made the subject of a motion to discharge. If a Senate resolution has been referred to committee, any Senate resolution may be made the subject of a motion to discharge, or may be reported, just as if no House resolution had been received. On any vote on final passage, however, the House resolution is substituted for the Senate resolution.

AMENDMENTS TO SECTION 2 OF THE ACT ENTITLED "AN ACT TO EXTEND THE AUTHORITY OF THE PRESIDENT TO ENTER INTO TRADE AGREEMENTS UNDER SECTION 350 OF THE TARIFF ACT OF 1930, AS AMENDED", APPROVED JULY 1, 1954, AS AMENDED

Section 8 (a). Investigations, reports, and action to prevent threat of impairment to national security (amending sec. 2)

This amendment contains several modifications of, and additions to, the existing provisions relating to national security contained in trade agreements legislation.

The provision relating to the negotiation of trade agreements (sec. 2 (a) of the act of July 1, 1954) is modified to provide that no action shall be taken to decrease the duty on an article if the President finds such reduction would threaten to impair national security (existing law states that such action may not be taken if the President finds that such reduction would threaten domestic production needed for projected national defense requirements).

A number of modifications are made of the provisions, enacted in 1955, which provided that the President take action to prevent imports from impairing the national security following advice to him by the Director of the Office of Defense Mobilization that the Director has reason to believe that national security is threatened by imports. One of the modifications is to specify that the Director shall institute an investigation upon the request of the head of any Department or Agency, upon the application of an interested party, or upon his own motion. It is specified that, in such an investigation, he shall seek information and advice from appropriate departments and agencies. If as a result of the investigation he is of the opinion that the article is being imported in such quantities or under such circumstances as to threaten to impair national security, he shall promptly so advise the President. If the President determines that the article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall take such action, and for such time, as he deems necessary to adjust imports so that they will not threaten to impair the national security. The new provision eliminates the requirement in existing law that the President cause an investigation to be made following the advice to him from the Director. A report shall be made on the disposition

of each request, application, or motion for an investigation, and the Director shall promulgate procedural regulations.

The amended provision specifies certain matters, without excluding others, to which the Director and the President shall give consideration under this section, including domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense, the requirements of growth of such industries and such supplies and services, and the importation of goods in terms of their quantities, availabilities, character, and use as those affect such industries and the capacity of the United States to meet national security requirements.

The amendment also calls for a report by the Director on or before February 1, 1959, regarding the administration of section 2. In preparing such report an analysis should be made of the nature of projected national defense requirements, the character of emergencies which might give rise to such requirements, the manner in which the capacity of the economy to satisfy such requirements can be judged, the alternative means of assuring such capacity and related matters.

It is specifically provided that the amendment to section 2 will not affect any action or determinations under the section made before enactment of the amendment.

AMENDMENTS TO PROVISIONS OF THE TARIFF ACT OF 1930, AS
AMENDED, OTHER THAN SECTION 350

Section 9 (a) and (b). Extension of subpoena powers of the Tariff Commission (amending sec. 333)

The Tariff Act of 1930 is amended to provide that the existing powers of the Tariff Commission to obtain information by subpoena and related powers shall apply to any investigation by the Commission authorized by law, and to expand such powers to include the obtaining of information in writing. This will assist the Commission in obtaining replies to questionnaires in escape-clause and other investigations.

Section 9 (c). Authority of Tariff Commission to adopt procedures, rules, and regulations (amending secs. 336 and 337 and adding new sec. 335)

This amendment deletes from the provisions of the Tariff Act relating to cost-of-production investigations (sec. 336) and unfair competition investigations (sec. 337) specific provisions for the issuance of rules in such investigations. It adds to the Tariff Act of 1930 a new section (sec. 335) authorizing the Commission to adopt such reasonable procedures, rules, and regulations as it deems necessary to carry out its functions and duties.

Section 10. Enactment not approval or disapproval of General Agreement on Tariffs and Trade

Section 10 of the bill provides that the enactment of the bill (the Trade Agreements Extension Act of 1958) shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

IV. CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TARIFF ACT OF 1930

TITLE III—SPECIAL PROVISIONS

* * * * *

PART II—UNITED STATES TARIFF COMMISSION

* * * * *

SEC. 333. TESTIMONY AND PRODUCTION OF PAPERS.

(a) **AUTHORITY TO OBTAIN INFORMATION.**—For the purposes of carrying **[Part II of this title into effect]** *out its functions and duties in connection with any investigation authorized by law*, the commission or its duly authorized agent or agents (1) shall have access to and the right to copy any document, paper, or record, pertinent to the subject matter under investigation, in the possession of any person, firm, copartnership, corporation, or association engaged in the production, importation, or distribution of any article under investigation, **[and shall have power to]** (2) *may* summon witnesses, take testimony, *and* administer oaths, **[and to]** (3) *may* require any person, firm, copartnership, corporation, or association to produce books or papers relating to any matter pertaining to such investigation, *and* (4) *may require any person, firm, copartnership, corporation, or association to furnish in writing, in such detail and in such form as the commission may prescribe, information in their possession pertaining to such investigation.* Any member of the commission may sign subpoenas, and members and agents of the commission, when authorized by the commission, may administer oaths and affirmations, examine witnesses, take testimony, and receive evidence.

* * * * *

(d) **DEPOSITIONS.**—The Commission may order testimony to be taken by deposition in any proceeding or investigation pending **[under Part II of this title]** *before the commission* at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. Any person, firm, copartnership, corporation, or association, may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the commission, as hereinbefore provided.

* * * * *

SEC. 335. RULES AND REGULATIONS.

The commission is authorized to adopt such reasonable procedures and rules and regulations as it deems necessary to carry out its functions and duties.

SEC. 336. EQUALIZATION OF COSTS OF PRODUCTION.

(a) **CHANGE OF CLASSIFICATION OR DUTIES.**—In order to put into force and effect the policy of Congress by this Act intended, the commission (1) upon request of the President or (2) upon resolution of either or both Houses of Congress, or (3) upon its own motion, or (4) when in the judgment of the commission there is good and sufficient reason therefor upon application of any interested party, shall investigate the differences in the costs of production of any domestic article and of any like or similar foreign article. In the course of the investigation the commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. [The commission is authorized to adopt such reasonable procedure and rules and regulations as it deems necessary to execute its functions under this section.] The commission shall report to the President the results of the investigation and its findings with respect to such differences in costs of production. If the commission finds it shown by the investigation that the duties expressly fixed by statute do not equalize the differences in the costs of production of the domestic article and the like or similar foreign article when produced in the principal competing country, the commission shall specify in its report such increases or decreases in rates of duty expressly fixed by statute (including any necessary change in classification) as it finds shown by the investigation to be necessary to equalize such differences. In no case shall the total increase or decrease of such rates of duty exceed 50 per centum of the rates expressly fixed by statute.

* * * * *

SEC. 337. UNFAIR PRACTICES IN IMPORT TRADE.

* * * * *

(c) **HEARINGS AND REVIEW.**—The commission shall make such investigation [under and in accordance with such rules as it may promulgate] and give such notice and afford such hearing, and when deemed proper by the commission such rehearing, with opportunity to offer evidence, oral or written, as it may deem sufficient for a full presentation of the facts involved in such investigation. The testimony in every such investigation shall be reduced to writing, and a transcript thereof with the findings and recommendation of the commission shall be the official record of the proceedings and findings in the case, and in any case where the findings in such investigation show a violation of this section, a copy of the findings shall be promptly mailed or delivered to the importer or consignee of such articles. Such findings, if supported by evidence, shall be conclusive, except that a rehearing may be granted by the commission and except that, within such time after said findings are made and in such manner as appeals may be taken from decisions of the United States Customs Court, an appeal may be taken from said findings upon a question or questions of law only to the United States Court of Customs and Patent Appeals by the importer or consignee of such articles. If it shall be shown to the satisfaction of said court that further evidence should be taken, and that there were reasonable grounds for the failure to adduce such evidence in the proceedings before the commission, said court may order such additional evidence to be taken before the commission in such manner and upon such terms and conditions as

to the court may seem proper. The commission may modify its findings as to the facts or make new findings by reason of additional evidence, which, if supported by evidence, shall be conclusive as to the facts except that within such time and in such manner an appeal may be taken as aforesaid upon a question or questions of law only. The judgment of said court shall be final.

* * * * *

PART III—PROMOTION OF FOREIGN TRADE

SEC. 350. (a) (1) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

(A) To enter into foreign trade agreements with foreign governments or instrumentalities thereof: *Provided*, That the enactment of the Trade Agreements Extension Act of 1955 shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

(B) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder.

(2) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made—

(A) Increasing by more than 50 per centum any rate of duty existing on [January 1, 1945] *July 1, 1934*.

(B) Transferring any article between the dutiable and free lists.

(C) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, or with respect to which notice of intention to negotiate was published in the Federal Register on November 16, 1954, decreasing by more than 50 per centum any rate of duty existing on January 1, 1945.

(D) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, *and before July 1, 1958*, decreasing (except as provided in subparagraph (C) of this paragraph) any rate of duty below the lowest of the following rates:

(i) The rate 15 per centum below the rate existing on January 1, 1955.

(ii) In the case of any article subject to an ad valorem rate of duty above 50 per centum (or a combination of ad valorem rates aggregating more than 50 per centum), the rate 50 per centum ad valorem (or a combination of ad valorem rates aggregating 50 per centum). In the case of any article subject to a specific rate of duty (or a combination of rates including a specific rate) the ad valorem equivalent of which has been determined by the President to have been above 50 per centum during a period determined by the President to be a representative period, the rate 50 per centum ad valorem or the rate (or a combination of rates), however stated, the ad valorem equivalent of which the President determines would have been 50 per centum during such period. The standards of valuation contained in section 402 [of this Act (as in effect)] or 402a of this Act (as in effect, with respect to the article concerned, during the representative period) shall be utilized by the President, to the maximum extent he finds such utilization practicable, in making the determinations under the preceding sentence.

(E) *In order to carry out a foreign trade agreement entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the rates provided for in paragraph (4) (A) of this subsection.*

(3) (A) Subject to the provisions of subparagraphs (B) and (C) of this [paragraph,] *paragraph and of subparagraph (B) of paragraph (4) of this subsection*, the provisions of any proclamation made under paragraph (1) (B) of this subsection, and the provisions of any proclamation of suspension under paragraph [(4)] (5) of this subsection, shall be in effect from and after such time as is specified in the proclamation.

(B) In the case of any decrease in duty to which paragraph (2) (D) of this subsection applies—

(i) if the total amount of the decrease under the foreign trade agreement does not exceed 15 per centum of the rate existing on January 1, 1955, the amount of decrease becoming initially effective at one time shall not exceed 5 per centum of the rate existing on January 1, 1955;

(ii) except as provided in clause (i), not more than one-third of the total amount of the decrease under the foreign trade agreement shall become initially effective at one time; and

(iii) no part of the decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year.

(C) No part of any decrease in duty to which the alternative specified in paragraph (2) (D) (i) of this subsection applies shall become initially effective after the expiration of the three-year period which begins on July 1, 1955. If any part of such decrease has become effective, then for purposes of this subparagraph any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the three-year period expires.

(D) If (in order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955) the President deter-

mines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed any limitation specified in paragraph (2) (C) or (D) or *paragraph (4) (A) or (B)* of this subsection or subparagraph (B) of this paragraph by not more than whichever of the following is lesser:

(i) The difference between the limitation and the next lower whole number, or

(ii) One-half of 1 per centum ad valorem.

In the case of a specific rate (or of a combination of rates which includes a specific rate), the one-half of 1 per centum specified in clause (ii) of the preceding sentence shall be determined in the same manner as the ad valorem equivalent of rates not stated wholly in ad valorem terms is determined for the purposes of paragraph (2) (D) (ii) of this subsection.

(4) (A) *No proclamation pursuant to paragraph (1) (B) of this subsection shall be made, in order to carry out a foreign trade agreement entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the following rates:*

(i) *The rate which would result from decreasing the rate existing on July 1, 1958, by 25 per centum of such rate.*

(ii) *Subject to paragraph (2) (B) of this subsection, the rate 2 per centum ad valorem below the rate existing on July 1, 1958.*

(iii) *The rate 50 per centum ad valorem or, in the case of any article subject to a specific rate of duty or to a combination of rates including a specific rate, any rate (or combination of rates), however stated, the ad valorem equivalent of which has been determined as 50 per centum ad valorem.*

The provisions of clauses (ii) and (iii) of this subparagraph and of subparagraph (B) (ii) of this paragraph shall, in the case of any article subject to a combination of ad valorem rates of duty, apply to the aggregate of such rates; and, in the case of any article subject to a specific rate of duty or to a combination of rates including a specific rate, such provisions shall apply on the basis of the ad valorem equivalent of such rate or rates, during a representative period (whether or not such period includes July 1, 1958), determined in the same manner as the ad valorem equivalent of rates not stated wholly in ad valorem terms is determined for the purpose of paragraph (2) (D) (ii) of this subsection.

(B) (i) *In the case of any decrease in duty to which clause (i) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than five annual stages and no amount of decrease becoming initially effective at one time shall exceed 10 per centum of the rate of duty existing on July 1, 1958, or, in any case in which the rate has been increased since that date, exceed such 10 per centum or one-third of the total amount of the decrease under the foreign trade agreement, whichever is the greater.*

(ii) *In the case of any decrease in duty to which clause (ii) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than five annual stages, and no amount of decrease becoming initially effective at one time shall exceed 1 per centum ad valorem or, in any case in which the rate has been increased since July 1, 1958, exceed such 1 per centum or one-third of the total amount of the decrease under the foreign trade agreement, whichever is the greater.*

(iii) *In the case of any decrease in duty to which clause (iii) of subparagraph (A) of this paragraph applies, such decrease shall become*

initially effective in not more than five annual stages, and no amount of decrease becoming initially effective at one time shall exceed one-third of the total amount of the decrease under the foreign trade agreement.

(C) *In the case of any decrease in duty to which subparagraph (A) of this paragraph applies, no part of a decrease after the first part shall become initially effective (i) until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year, nor (ii) after the first part shall have been in effect for a period or periods aggregating more than four years. If any part of a decrease has become effective, then any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the four-year period expires.*

[(4)] (5) Subject to the provisions of section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362), duties and other import restrictions proclaimed pursuant to this section shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly or indirectly: *Provided*, That the President shall, as soon as practicable, suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purpose of this section.

[(5)] (6) The President may at any time terminate, in whole or in part, any proclamation made pursuant to this section.

(b) Nothing in this section shall be construed to prevent the application, with respect to rates of duty established under this section pursuant to agreements with countries other than Cuba, of the provisions of the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on December 11, 1902, or to preclude giving effect to an [exclusive] agreement with Cuba concluded under this section, modifying the existing preferential customs treatment of any article the growth, produce, or manufacture of Cuba. Nothing in this Act shall be construed to preclude the application to any product of Cuba (including products preferentially free of duty) of a rate of duty not higher than the rate applicable to the like products of other foreign countries (except the Philippines), whether or not the application of such rate involves any preferential customs treatment. No rate of duty on products of Cuba shall be decreased—

(1) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, by more than 50 per centum of the rate of duty existing on January 1, 1945, with respect to products of Cuba.

(2) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, below the applicable alternative specified in subsection (a) (2) (C) or (D) or (4) (A) (subject to the *applicable* provisions of subsection (a) (3) (B), (C), and (D) and (4) (B) and (C)), each such alternative to be read for the purposes of this paragraph as relating to the rate of duty applicable to products of Cuba. With respect to products of Cuba, the limitation of subsection (a) (2) (D) (ii) or (4) (A) (iii) may be exceeded to such extent as may be required to maintain an absolute margin of preference to which such products are entitled.

(c) (1) As used in this section, the term "duties and other import restrictions" includes (A) rate and form of import duties and classification of articles, and (B) limitations, prohibitions, charges, and exactions other than duties, imposed on importation or imposed for the regulation of imports.

(2) For purposes of this section—

(A) Except as provided in subsection (d), the terms ["existing on January 1, 1945" and "existing on January 1, 1955"] "*existing on July 1, 1934*", "*existing on January 1, 1945*", "*existing on January 1, 1955*", and "*existing on July 1, 1958*" refer to rates of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on the date specified, except rates in effect by reason of action taken pursuant to section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362).

(B) The term "existing" without the specification of any date, when used with respect to any matter relating to the conclusion of, or proclamation to carry out, a foreign trade agreement, means existing on the day on which that trade agreement is entered into.

(d) (1) When any rate of duty has been increased or decreased for the duration of war or an emergency, by agreement or otherwise, any further increase or decrease shall be computed upon the basis of the post-war or post-emergency rate carried in such agreement or otherwise.

(2) Where under a foreign trade agreement the United States has reserved the unqualified right to withdraw or modify, after the termination of war or an emergency, a rate on a specific commodity, the rate on such commodity to be considered as "existing on January 1, 1945" for the purpose of this section shall be the rate which would have existed if the agreement had not been entered into.

(3) No proclamation shall be made pursuant to this section for the purpose of carrying out any foreign trade agreement the proclamation with respect to which has been terminated in whole by the President prior to the date this subsection is enacted.

(e) (1) The President shall submit to the Congress an annual report on the operation of the trade agreements program, including information regarding new negotiations, modifications made in duties and import restrictions of the United States, reciprocal concessions obtained, modifications of existing trade agreements in order to effectuate more fully the purposes of the trade agreements legislation (including the incorporation therein of escape clauses), *the results of action taken to obtain removal of foreign trade restrictions (including discriminatory restrictions) against United States exports, remaining restrictions, and the measures available to seek their removal in accordance with the objectives of this section*, and other information relating to that program and to the agreements entered into thereunder.

(2) The Tariff Commission shall at all times keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements heretofore or hereafter entered into by the President under the authority of this section. The Tariff Commission, at least once a year, shall submit to the Congress a factual report on the operation of the trade-agreements program.

(f) *It is hereby declared to be the sense of the Congress that the President, during the course of negotiating any foreign trade agreement under this section, should seek information and advice with respect to such agreement from representatives of industry, agriculture, and labor.*

TRADE AGREEMENTS EXTENSION ACT OF 1951

SEC. 3. (a) Before entering into negotiations concerning any proposed foreign trade agreement under section 350 of the Tariff Act of 1930, as amended, the President shall furnish the United States Tariff Commission (hereinafter in this Act referred to as the "Commission") with a list of all articles imported into the United States to be considered for possible modification of duties and other import restrictions, imposition of additional import restrictions, or continuance of existing customs or excise treatment. Upon receipt of such list the Commission shall make an investigation and report to the President the findings of the Commission with respect to each such article as to (1) the limit to which such modification, imposition, or continuance may be extended in order to carry out the purpose of such section 350 without causing or threatening serious injury to the domestic industry producing like or directly competitive articles; and (2) if increases in duties or additional import restrictions are required to avoid serious injury to the domestic industry producing like or directly competitive articles the minimum increases in duties or additional import restrictions required. Such report shall be made by the Commission to the President not later than [120 days] *six months* after the receipt of such list by the Commission. No such foreign trade agreement shall be entered into until the Commission has made its report to the President or until the expiration of the [120-day] *six-month* period.

(b) In the course of any investigation pursuant to this section the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. *If in the course of any such investigation the Commission shall find with respect to any article on the list upon which a tariff concession has been granted that an increase in duty or additional import restriction is required to avoid serious injury to the domestic industry producing like or directly competitive articles, the Commission shall promptly institute an investigation with respect to that article pursuant to section 7 of this Act.*

* * * * *

SEC. 7. (a) Upon the request of the President, upon resolution of either House of Congress, upon resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, upon its own motion, or upon application of any interested party (*including any organization or group of employees*), the United States Tariff Commission shall promptly make an investigation and make a report thereon not later than [nine] *six* months after the application is made to determine whether any product upon which a concession has been granted under a trade agreement is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to

cause or threaten serious injury to the domestic industry producing like or directly competitive products.

In the course of any such investigation, whenever it finds evidence of serious injury or threat of serious injury or whenever so directed by resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, the Tariff Commission shall hold hearings giving reasonable public notice thereof and shall afford reasonable opportunity for interested parties to be present, to produce evidence, and to be heard at such hearings.

Should the Tariff Commission find, as the result of its investigation and hearings, that a product on which a concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products, it shall recommend to the President the withdrawal or modification of the concession, its suspension in whole or in part, or the establishment of import quotas, to the extent and for the time necessary to prevent or remedy such injury. The Tariff Commission shall immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and shall cause a summary thereof to be published in the Federal Register.

(b) In arriving at a determination in the foregoing procedure the Tariff Commission, without excluding other factors, shall take into consideration a downward trend of production, employment, prices, profits, or wages in the domestic industry concerned, or a decline in sales, an increase in imports, either actual or relative to domestic production, a higher or growing inventory, or a decline in the proportion of the domestic market supplied by domestic producers. Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed substantially towards causing or threatening serious injury to such industry.

(c) (1) Upon receipt of the Tariff Commission's report of its investigation and hearings, the President may make such adjustments in the rates of duty, impose such quotas, or make such other modifications as are found and reported by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry. If the President does not take such action within sixty days he shall immediately submit a report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate stating why he has not made such adjustments or modifications, or imposed such quotas.

(2) *The action so found and reported by the Commission to be necessary shall take effect (as provided in the first sentence of paragraph (1) or in paragraph (3), as the case may be)—*

(A) *if approved by the President, or*

(B) *is disapproved by the President, in whole or in part, upon the adoption by both Houses of the Congress (within the 60-day period following the date on which the report referred to in the second sentence of paragraph (1) is submitted to such committees), by the*

yeas and nays by a two-thirds vote of each House, of a concurrent resolution stating in effect that the Senate and House of Representatives approve the action so found and reported by the Commission to be necessary.

For the purposes of subparagraph (B), in the computation of the 60-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die.

(3) In any case in which the contingency set forth in paragraph (2) (B) occurs, the President shall (within 15 days after the adoption of such resolution) take such action as may be necessary to make the adjustments, impose the quotas, or make such other modifications as were found and reported by the Commission to be necessary.

(d) When in the judgment of the Tariff Commission no sufficient reason exists for a recommendation to the President that a concession should be withdrawn or modified or a quota established, it shall make and publish a report stating its findings and conclusions.

(e) As used in this Act, the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles in commercial quantities. In applying the preceding sentence, the Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles referred to in such sentence from the operations of such organizations involving other products or articles.

(f) In carrying out the provisions of this section the President may, notwithstanding section 350 (a) (2) of the Tariff Act of 1930, as amended, impose a duty not in excess of 50 per centum ad valorem on any article not otherwise subject to duty.

SECTION 2 OF THE ACT OF JULY 1, 1954 (19 U. S. C., SEC. 1352a)

[SEC. 2. (a) No action shall be taken pursuant to such section 350 to decrease the duty on any article if the President finds that such reduction would threaten domestic production needed for projected national defense requirements.

[(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds that the article is being imported into the United States in such quantities as to threaten to impair the national security, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security.]

SEC. 2. (a) No action shall be taken pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), to decrease the duty on any article if the President finds that such reduction would threaten to impair the national security.

(b) Upon request of the head of any Department or Agency, upon application of an interested party, or upon his own motion, the Director of the Office of Defense Mobilization (hereinafter in this section referred to as the "Director") shall immediately make an appropriate investigation, in the course of which he shall seek information and advice from other appropriate Departments and Agencies, to determine the effects on the national security of imports of the article which is the subject of such request, application, or motion. If, as a result of such investigation, the Director is of the opinion that the said article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall promptly so advise the President, and, if the President determines that the article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall take such action, and for such time, as he deems necessary to adjust the imports of such article so that such imports will not threaten to impair the national security.

(c) For the purposes of this section, the Director and the President shall, in the light of the requirements of national security and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense, the requirements of growth of such industries and such supplies and services, and the importation of goods in terms of their quantities, availabilities, character, and use as those affect such industries and the capacity of the United States to meet national security requirements.

(d) A report shall be made and published upon the disposition of each request, application, or motion under subsection (b). The Director shall publish procedural regulations to give effect to the authority conferred on him by subsection (b).

(e) The Director, with the advice and consultation of other appropriate Departments and Agencies and with the approval of the President, shall by February 1, 1959, submit to the Congress a report on the administration of this section. In preparing such a report, an analysis should be made of the nature of projected national defense requirements, the character of emergencies that may give rise to such requirements, the manner in which the capacity of the economy to satisfy such requirements can be judged, the alternative means of assuring such capacity and related matters.

SUPPLEMENTAL VIEWS OF THE HONORABLE FRANK IKARD

In 1955, Congress adopted section 7 of the Trade Agreements Extension Act of 1955—the so-called national defense amendment—in lieu of proposals dealing with specific commodities; namely, petroleum, fluorspar, lead, and zinc. At the time of the adoption of the national security amendment, Congress had before it a report by the President's Advisory Committee on Energy, Supplies, and Resources Policy. This report pointed out the importance of a strong domestic petroleum industry and this Committee declared that exceptions from the trade program should be taken to protect industries essential to the national security. Congress fully intended that the Cabinet Fuels Committee report serve as a basis for implementing the national defense amendment. With respect to oil imports, the report of the President's Advisory Committee states:

An expanding domestic oil industry, plus a healthy oil industry in friendly countries which help to supply the United States market, constitute basically important elements in the kind of industrial strength which contributes most to a strong national defense. Other energy industries, especially coal, must also maintain a level of operation which will make possible rapid expansion in output should that become necessary. In this complex picture both domestic production and imports have important parts to play; neither should be sacrificed to the other.

Since World War II importation of crude oil and residual fuel oil into the United States has increased substantially, with the result that today these oils supply a significant part of the United States market for fuels.

The committee believes that if the imports of crude and residual oils should exceed significantly the respective proportions that these imports of oils bore to the production of domestic crude oil in 1954, the domestic fuels situation could be so impaired as to endanger the orderly industrial growth which assures the military and civilian supplies and reserves that are necessary to the national defense. There would be an inadequate incentive for exploration and the discovery of new sources of supply.

In view of the foregoing, the committee concludes that in the interest of national defense imports should be kept in the balance recommended above. It is highly desirable that this be done by voluntary, individual action of those who are importing or those who become importers of crude or residual oil. The committee believes that every effort should be made and will be made to avoid the necessity of governmental intervention.

The committee recommends, however, that if in the future the imports of crude oil and residual fuel oils exceed significantly the respective proportions that such imported oils bore to domestic production of crude oil in 1954, appropriate action should be taken.

The committee recommends further that the desirable proportionate relationships between imports and domestic production be reviewed from time to time in the light of industrial expansion and changing economic and national-defense requirements.

In arriving at these conclusions and recommendations, the committee has taken into consideration the importance to the economies of friendly countries of their oil exports to the United States as well as the importance to the United States of the accessibility of foreign oil supplies both in peace and war.

The record is abundantly clear that the national defense amendment was intended to provide an effective and workable means for solving the threats of excessive imports to essential domestic industries. For example, the Senate Finance Committee stated in its report—Report No. 232, 84th Congress, 1st session:

The Committee believes that this amendment will provide a means for assistance to the various national defense industries which have been affected by the individual amendments presented.

The Fuels Committee report, the report of the Senate Finance Committee, and the extensive debate on the extension of the 1955 Trade Agreements Act leave no doubt that Congress intended that the national defense amendment be used to cope with the problem of excessive petroleum imports. Further, this same record leaves no doubt *that Congress intended that imports of petroleum and petroleum products be held to the respective proportions that such imported oils bore to domestic production of crude oil in 1954.*

The domestic petroleum industry in the light of the record surrounding the enactment of the national defense amendment set about to place before the Office of Defense Mobilization the facts and figures which proved conclusively that our national security was being threatened by excessive oil imports. Some 2 years later, during which time oil imports had risen steadily, the President agreed with the findings of his Special Committee To Investigate Crude Oil Imports, which Committee concluded:

If we are to have enough oil to meet our national security needs, there must be a limitation on imports that will insure a proper balance between imports and domestic production.

The Committee report also states:

Unless a reasonable limitation of petroleum imports is brought about, your committee believes that:

(a) Oil imports will flow into this country in evermounting quantities, entirely disproportionate to the quantities needed to supplement domestic supply.

(b) There will be a resultant discouragement of, and decrease in, domestic production.

(c) There will be a marked decline in domestic exploration and development.

(d) In the event of a serious emergency, this Nation will find itself years away from attaining the level of petroleum production necessary to meet our national security needs.

Following his approval of the special committee report, President Eisenhower set into motion what is commonly referred to as the voluntary oil import program. Under this program, importing companies were asked to voluntarily reduce their imports of crude petroleum. The program does not cover imports of petroleum products.

Adoption of the defense amendment (sec. 7 of the Trade Agreements Extension Act of 1955) carried with it assurances from the executive department that all imports would be held to the 1954 ratio, in line with the President's Fuels Committee recommendations. Despite these assurances, oil imports, both crude and products, have increased continuously in relation to domestic production since 1954, at which time such imports amounted to 16.6 percent of domestic production (see table below).

United States petroleum imports, crude oil production, and relationship of imports to production, 1936-57

[Imports and production in thousands of barrels per day]

	Petroleum imports			Total	Crude oil production	Ratio of total imports to production
	Crude oil	Residual fuel oil	Other products			
Prewar average: 1936-41.....	89	66	16	171	3,474	Percent 4.9
War average: 1942-45.....	99	78	32	209	4,301	4.9
Postwar—						
1946.....	236	122	19	377	4,751	7.9
1947.....	267	149	21	437	5,088	8.6
1948.....	353	146	15	514	5,520	9.3
1949.....	421	206	18	645	5,047	12.8
1950.....	487	329	34	850	5,407	15.7
1951.....	491	326	27	844	6,158	13.7
1952.....	573	351	28	952	6,256	15.2
1953.....	648	360	26	1,034	6,458	16.0
1954.....	656	354	42	1,052	6,342	16.6
1955.....	782	417	49	1,248	6,807	18.3
1956.....	934	445	57	1,436	7,151	20.1
1957.....	1,022	475	73	1,570	7,169	21.9
1st half (estimated) 1958.....	940	490	85	1,515	6,500	23.3

Source: U. S. Bureau of Mines.

Since adoption of the national defense amendment, the excess of petroleum imports over the 1954 ratio has been as follows:

In 1955, 118,000 barrels daily; in 1956, 249,000 barrels daily; in 1957, 354,000 barrels daily; and estimated first half of 1958, 435,000 barrels daily.

Crude-oil imports: The voluntary program, applied to crude oil only, has been effective in reducing crude-oil imports below the levels attained in July 1957, but crude-oil imports continue to exceed the 1954 ratio. In 1955 crude-oil imports exceeded the 1954 ratio by 81,000 barrels daily; in 1956 by 197,000 barrels daily; in 1957 by 284,000 barrels daily, and estimated first half of 1958, 270,000 barrels daily.

The present voluntary program permits crude-oil imports of 933,000 barrels daily, whereas the 1954 ratio as applied to indicated average production for the first 6 months of 1958 would permit only 670,000 barrels daily (see above).

Product imports have not been brought under the voluntary program although they continue to exceed the 1954 ratio. In 1954 product imports amounted to 6.3 percent of domestic production whereas the current rate is 8.8 percent. The excess over the 1954 ratio has been as follows: In 1955, 37,000 barrels daily; in 1956, 52,000 barrels daily; in 1957, 96,000 barrels daily; and estimated first half of 1958, 165,000 barrels daily.

Decline in drilling: In the first 4 months of 1958 domestic producers completed 15,220 wells. In the same period of 1957 completions totaled 17,160, and in 1956 total completions were 18,656. This trend indicates that total well completions during this year will be about 48,000, representing a decline of almost 6,000 wells below the 1957 drilling rate and more than 10,000 below the 1956 peak rate of 58,200 wells.

Thus it can be seen that, even under the voluntary program, petroleum imports have increased to a point that in the absence of an effective and workable solution, the domestic petroleum industry will further deteriorate and bring the United States to a second-rate oil-producing nation. Although imports for a 1-week period cannot be used as a true barometer, it must be noted that total imports of petroleum for the week of February 14, 1958, under the voluntary program averaged 1,897,500 barrels daily—the highest week in history.

Two major weaknesses are inherent in the voluntary oil import program:

1. It does not cover petroleum products—a major loophole.
2. Its effectiveness is based upon compliance by parties in interest, i. e., the importing companies, and not the law.

The President's Special Committee To Investigate Crude Oil Imports warned in its report:

The Committee recognizes that it would be possible to circumvent this plan [voluntary program] by companies entering into certain types of arrangements for the importation of the distilled products.

Congress should insist that any oil-import program cover each barrel of petroleum which is supplanting a barrel of petroleum produced in the United States. In this regard, the attention of Congress has been brought to a situation which could become more serious and could amount to a major circumvention of the voluntary program—imports of increasing amounts of petroleum products. This is particularly true with respect to imports of unfinished oil which at present are not within the program. Attached is a news report, dated May 12, which bears out this possibility.

The committee's action in adopting a revised national-defense amendment would appear to add little to the present law. To be really effective in meeting the problem, Congress should take action to assure that petroleum imports be reduced to, or below, their 1954 ratio and that the executive department be directed to implement this standard on a mandatory basis.

No better evidence is necessary to clearly show the need for affirmative congressional action, than that contained in the report by the President's Special Committee To Investigate Crude Oil Imports, made up of six members of the President's Cabinet.

This report follows:

PETROLEUM IMPORTS

I. BACKGROUND

The problem of oil imports, and their effect upon the domestic petroleum industry, was one of the primary reasons that caused President Eisenhower to establish the Cabinet Committee on Energy Supplies and Resources Policy in July 1954. The President directed the Committee to study and evaluate all factors pertaining to the continued development of energy supplies and resources in the United States, "with the aim of strengthening the national defense, providing orderly industrial growth, and assuring supplies for our expanding national economy and for any future emergency."

On February 26, 1955, the White House released a report on energy supplies and resources policy in which the Cabinet Committee concluded that in the interest of national security imports of crude and residual oils should be kept in balance with the domestic production of crude oil at the proportionate relationships that existed in 1954. The Committee also recommended that these ratios should be reevaluated from time to time in the light of changing circumstances.

As a result of this study the importing companies were requested to restrict imports of petroleum to the United States on a voluntary, individual basis in conformity with the policies enunciated by the Committee. The voluntary method was chosen as a matter of basic policy in preference to tariffs, quotas, or other methods of mandatory limitation in order to avoid regulatory controls wherever possible.

As a result of considerable debate in Congress upon the subject of petroleum imports, the Trade Agreements Extension Act of 1955 included the following section (7):

"(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds that the article is being imported into the United States in such quantities as to threaten to impair the national security, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security."

The policy of voluntary restriction worked with reasonable success until the middle of 1956. At that time the schedules submitted to ODM by the importing companies for the last half of 1956 and the first half of 1957 indicated that there, would be a sharp rise in imports, and that the volume would be substantially in excess of the proportional relationship that had been recommended by the Committee.

As a consequence of the increased level of imports scheduled for the last half of 1956, the Independent Petroleum Association of America (IPAA) filed a petition on August 7, requesting action under section 7 of the Trade Agreements Extension Act of 1955.

After the petition had been filed, the Director of Defense Mobilization announced that a public hearing would be held at which all interested parties would be provided with the opportunity of presenting their points of view. This hearing began on October 22, 1956, and was conducted by the General Counsel of ODM. Representatives of persons and groups favoring and opposing action under section 7 were heard. In addition, at the request of ODM, representatives of oil importing companies made statements relative to their plans for the future. The hearing was concluded on October 24, 1956. Information developed in the hearing has been considered by this Committee.

Early in December 1956 the Director of Defense Mobilization announced that he was suspending action on the case because of the changed conditions growing out of the Suez crisis. At the same time he made this statement:

"Import programs of the importing companies recently filed with the ODM show that the plans they had formulated for 1957, if carried out, would be contrary to the Committee's recommendations and would constitute a threat to our national security. This situation, without other intervening circumstances (the Suez crisis), would have left no course for me but to make a certification to the President under section 7 of the Trade Agreements Extension Act of 1955."

In a letter dated March 6, 1957, the Director requested the importing companies to furnish ODM with more recent estimates of their import plans for the balance of 1957, assuming that normal oil movements could be resumed in the near future.

The estimates for imports during the last half of 1957 were compiled and presented a situation of even greater seriousness than that which prevailed prior to the Suez crisis, for the new schedules were considerably higher than those that were submitted for the fall of 1956.

On April 23, 1957, the new Director, Mr. Gordon Gray, advised the President pursuant to section 7 of the Trade Agreements Extension Act of 1955 that he had reason to believe that crude oil is being imported into the United States in such quantities as to threaten to impair the national security.

The analysis of the petroleum import situation that follows is made, therefore, in the light of the foregoing events.

II. RECENT EVENTS

Review of the oil import levels year by year does not indicate that through the first half of 1956 crude oil imports had reached such a high level as to constitute a threat to the national security. Imports scheduled for the last half of 1956 and for the first half of 1957 were of such a magnitude that in the judgment of the then Director of the Office of Defense Mobilization they would have constituted a threat to national security. However, the interruption of petroleum transportation from the Middle East to the area west of the Suez which occurred in November 1956 disrupted the normal pattern of petroleum movements over a period of several months, and, as a result, the schedule of imports for the last half of 1956, as well as the one for the first half of 1957, was never put into effect.

The program of imports for the last half of 1957 as presented to the Director of the Office of Defense Mobilization during March and April indicated that the importers planned to increase materially the import levels over those of 1956. (See Table 1.)

III. EFFECT ON NATIONAL SECURITY

Your Committee's investigation of the oil import problem has been confined to the effect of the present trend of imports on national security.

It is clear that there is a direct relationship between the Nation's security and adequate and available sources of energy. Oil and gas account for two-thirds of all the energy that is consumed in this country. Furthermore, there is no adequate substitute in sight for the foreseeable future. Therefore, we must have available adequate supplies of oil.

We have concluded, for reasons that are set forth later in this section of the report, that if we are to have enough oil to meet our national security needs, there must be a limitation on imports that will insure a proper balance between imports and domestic production.

Before arriving at this conclusion, we considered and rejected, for the reasons noted below, the following three proposals that are based on a policy of permitting imports to follow whatever course they may take:

1. Import foreign crude oil and store it in this country within depleted fields or elsewhere. The practical problems of cost and the physical problems connected with the storage of crude oil would make this solution impractical from the standpoint of industry and Government alike.

2. Enlarge Government participation in exploring for oil reserves which when discovered, would not be put into production. Such a course would be costly to an already overburdened Government and would be contrary to the principles of free enterprise which characterize American industry.

3. Encourage increased importations in order that our own natural resources might be conserved. Your Committee

has concluded that for the following reasons such a policy would be unsound.

(a) It would result in a sharp decline in domestic exploration by private enterprise because the industry would have no assurance of an adequate market for domestic oil after discoveries had been made and, as a result, would reduce its exploratory operations. Barring Government operations which would be undesirable, adequate exploration and the development of additional reserves can only be generated by a healthy domestic production industry.

(b) Consequently, as the extent of the Nation's useful reserves are not known until they are discovered and developed, the United States would be unable to make a sound appraisal of its petroleum resources because it would not know the extent to which our reserve capacity could be developed.

(c) Furthermore, in the event of an emergency which denied the United States access to oil in other countries and which called for additional availability of domestic oil, the Nation would be faced with the long delays that characterize exploratory activity, as well as with the possible necessity of making large expenditures of public funds for exploration, production, and transportation. In this connection, it should be borne in mind that no matter how large the expenditures might be, it would be impossible to recover the momentum of a vigorous domestic industry.

(d) In brief, such a policy of encouraging importation as a means of conserving our petroleum resources would mean that in an emergency the Nation would be confronted with all of the liabilities inherent in a static, as contrasted with a dynamic mobilization base, including the delays, waste and inefficiency that accompany efforts to strengthen any part of the mobilization base on a "crash" basis.

In the light of the above examination of suggestions looking toward a policy of unrestricted imports, your committee has concluded that if we are to have a vigorous program of exploration in this country by private enterprise in order to care for increasing domestic consumption and to meet emergency needs, and if we are to know what our reserve potential is in this country, it is essential that we follow a policy which will encourage continuation of free enterprise exploration at a rate consistent with the demands of a growing economy.

The latest available figures demonstrate that the amount of oil we are adding to our reserves is not keeping pace with the increase in domestic consumption, in spite of the fact that our reserves are at an alltime high. Indeed, there has been some recent indication of a decrease in exploratory drilling, notwithstanding an increase in domestic demand for petroleum. There has also been a decrease in the number of exploratory crews in operation. It is not possible to attribute this decline to any single cause. The sharp increase in imports programed by the importers in their report to ODM indicates such a trend of increase in relation to domestic produc-

tion as will bring about a further decline in domestic exploratory and development activities. This should not be permitted. The time lag between exploration and production requires that we explore today for tomorrow's usable reserves. Any other course will impair industrial expansion, availability of supplies for consumer use, and preparedness for an emergency.

In summary, unless a reasonable limitation of petroleum imports is brought about, your Committee believes that:

(a) Oil imports will flow into this country in ever-mounting quantities, entirely disproportionate to the quantities needed to supplement domestic supply.

(b) There will be a resultant discouragement of, and decrease in, domestic production.

(c) There will be a marked decline in domestic exploration and development.

(d) In the event of a serious emergency, this Nation will find itself years away from attaining the level of petroleum production necessary to meet our national security needs.

Your Committee recognizes that there are important foreign policy aspects to the problem of limiting petroleum imports. The oil reserves and production capacities of other free nations, as well as our own, are important to our national security. A number of countries inevitably depend in varying degree upon access to our domestic market for their petroleum exports and it must be recognized that it is also in the interest of our national security that our allies and friends have healthy and expanding economies. It is believed, however, that taking all factors into consideration, our national security requires the maintenance of some reasonable balance between imports and domestic production at this time, in light of the foregoing considerations, our recommendations are framed with the objective of limiting imports in order to maintain such a balance and yet to allow other nations to participate in the growth of our domestic demand to a degree consistent with our national security.

It is our conviction that as a Nation we must pursue a careful, considered course that will permit reasonable imports into our country and still stimulate a dynamic and vigorous exploratory and development effort in this country.

IV. EFFECT ON CONSUMERS

Domestic consumers are utilizing an increasing amount of petroleum products for transportation, fuel, heating and many other aspects of consumer life. In the event of a national emergency, it is essential to these consumers that there be adequate supplies at reasonable cost, both now and in the future. The low cost of imported oil is attractive, but excessive reliance upon it in the short run may put the Nation in a long-term vulnerable position. Imported supplies could be cut off in an emergency and might well be diminished by

events beyond our control. This vulnerability could easily result in a much higher cost, or even in the unavailability, of oil to consumers. It is therefore believed that the best interests of domestic consumers, as well as of national security, will be served if a reasonable balance is maintained between domestic and foreign supplies.

V. CONCLUSIONS AND RECOMMENDATIONS

1. Increased volume of crude oil imports and the proposed imports for the latter half of 1957 threatened to impair the national security. This threat, under existing conditions, requires a limitation on imports. The Committee recommends, therefore, that unless the importing companies comply voluntarily with the import limitation plan hereinafter set forth, you find that there is a threat to the national security within the meaning of section 7 of the Trade Agreements Extension Act of 1955. Pending the outcome of this voluntary program, this Committee should continue as now constituted.

2. For the initial phase of such a program of limitation, in the interest of national security, the following plan is recommended to cover the period of the last half of 1957 and the first half of 1958:¹

(a) Districts I-IV:

i. All importing companies, except those referred to in (ii) below, should be requested to cut back 10 percent below their average crude oil imports for the years 1954, 1955 and 1956.

ii. In order that small 1954 importers, and companies that have started to import since 1954, should have the opportunity to participate in the United States market on a basis more equitable than if the above cutback were applied to them, it is recommended that companies having crude oil imports of less than 20,000 barrels per day in 1954 should be allowed to import the amounts set forth in the schedules submitted by them to ODM in July 1957, but in no instance to exceed an increase of over 12,000 barrels per day over their actual 1956 imports. (See table II for analysis of effect of this formula on importing companies.)

(b) District V:² Imports should be determined on a semi-annual basis. Pending a change in the deficit condition now pending in the area by, for example, the development of an economical means of interregional transportation, the level of imports must be such as to make up the difference between the demand and the quantity of domestic crude oil available to the area, as established by the Department of the Interior. The schedule of imports for the last half of 1957, as submitted by the companies to the Director of Defense Mobilization appears to be slightly higher than would be called for by the foregoing formula. However, there is reason to believe that the imports for this period will not exceed 275,000 bar-

¹ The term "crude oil" as used throughout this plan is oil at the wellhead.

² See appendix for reasons for separating districts I-IV and district V.

rels per day and, consequently, no voluntary import limitations are proposed for this district at the present time. This situation should be reviewed, however, during the latter part of 1957 from the point of view of the plans of importers for the first half of 1958, in view of the fact that additional pipeline capacity to the west coast is scheduled to become available during the first half of 1958. (See table III.)

(c) Imports under proposed plan :

Districts I-IV (barrels per day)-----	756, 000
Percentage ratio, imports to production-----	12. 0
Percentage ratio, imports to demand-----	9. 6
District V (barrels per day)-----	275, 000
Percentage ratio, imports to production-----	29. 8
Percentage ratio, imports to demand-----	23. 3
Total barrels per day-----	1, 031, 000

(d) New importers should have the opportunity to enter and share in a reasonable manner in the United States market. Companies planning to become importers should present their plans to the Department of the Interior at least 6 months before their plans are to become operative. A determination should then be made as to the extent these importers should share in the market initially, and as to whether room can be made for them as a result of the increase in permissible imports arising out of the increase in domestic demand or whether it will be necessary for older importers to decrease their imports in order to make room for the new companies.

(e) All imports into the United States should be for the direct account of the importers, and no importer should be allowed to increase its imports through oil sale and product purchase agreements by transfer of allotments or by other indirect means.

(f) The Committee recognizes that it would be possible to circumvent this plan by companies entering into certain types of arrangements for the importation of distilled products. We recommend that the Office of Defense Mobilization and the Department of the Interior follow this situation very closely.

3. The plan above outlined should be reviewed by this or some comparable committee at least once a year. Under normal peacetime conditions we believe that such a review should proceed on the assumption that in districts I-IV an effort will be made to maintain a ratio between imports and domestic production of approximately 12.0%³ and that in district V imports will be restricted to the difference between demand and the domestic crude oil that can be made available to the area on a reasonably competitive basis.

4. The plan above outlined should be administered by the Department of the Interior under policy guidance from the Office of Defense Mobilization. In the administration of the plan, provision should be made for the hearing and con-

³ The relationship between imports and domestic demand would be approximately 9.6 percent. In this report we have referred to the ratio between imports and production in order to be consistent with the report made by the Presidential Advisory Committee on Energy Supplies and Resources Policy in February 1955. In the future it is recommended that the statistics dealing with this problem be compiled on the basis of the relationship between imports and demand, instead of between imports and production.

sideration of cases where it is alleged that inequities would result from the application of the plan, with the understanding that the administrator will have authority to establish the necessary administrative procedures and act in such a manner as to alleviate inequities when they are found to exist, including any showing that the plan does not provide competitive opportunities for newer importer.

Respectfully submitted.

JOHN FOSTER DULLES,
Secretary of State.

DONALD A. QUARLES
(For Secretary of Defense).

GEORGE M. HUMPHREY,
Secretary of the Treasury.

FRED A. SEATON,
Secretary of the Interior.

JAMES T. O'CONNELL
(For Secretary of Labor).

SINCLAIR WEEKS,
Secretary of Commerce, Chairman.

MINORITY VIEWS

The signatories to these minority views are unalterably opposed to the legislation, H. R. 12591, purporting to extend the trade agreements authority of the Executive.

The bill reported favorably by the majority of the committee falls lamentably short of two main objectives claimed for it:

First, it will not arm the United States in the war against Soviet economic aggression. Second, it does not meet the challenge of the European Common Market.

At the same time, it offers no solace, and no real assistance to those victims of tariff cuts who have been denied relief even when Government agencies have found that their injuries merited remedial tariff or quota action.

The majority proposes an unprecedented 5-year extension of the trade agreements authority, binding the 86th, 87th, and, in part, the 88th Congresses, and a future administration. This is proposed at a time of world unrest and economic uncertainty, when continuing appraisal and periodic restudy would seem imperative.

Under the majority's bill, the United States Tariff Commission could recommend relief for a domestic industry, only to have its decision ignored by some as yet unknown President. Thereafter the industry would have the burden of obtaining a two-thirds vote of both Houses of Congress to receive the relief recommended by the Tariff Commission in the first place. Thus, a simple tariff revision is elevated to the dignity of a congressional proposal for a constitutional amendment or the importance of an impeachment of a Federal official.

OUR DEFENSE POTENTIAL

Our Nation's first line of defense is its production. With political instability characterizing at least half of the free world, our Nation cannot adopt a policy which would increase our dependence on foreign sources for strategic or defense materials. Present policies encourage the maximum use of overseas production, and the Trade Agreements Extension Act of 1958 would accelerate and broaden this policy. It would be folly for the people of the United States to permit any such thing.

Our Nation's production of intercontinental ballistic missiles and space vehicles depends upon adequate supplies of hundreds of domestically produced items, including hydrogen peroxide, sodium borohydride, dimethyl hydrazine, gyros, timing mechanisms, fuse releases, scientific gages, electronics, steel hardening minerals, electric motors, and, as Dr. Wernher von Braun has pointed out, fluorspar. The vitality of our domestic production potential for strategic and defense materials is our first line of defense. Deliberately to place ourselves at the mercy of tenuous supply lines is to encourage disaster.

OUR ECONOMIC POTENTIAL

Our second, and equally vital line of defense, is the economic well-being and standard of living of the citizens of the United States. These likewise cannot be placed at the mercy of overseas producers and suppliers. Deterioration in our economy and a resultant weakening in our employment, confidence, industrial potential, and business effectiveness cannot but place our Nation in a position where, bearing the free world on our shoulders, we will find ourselves standing on sand. To take one example: imports of automobiles are now at a rate which is displacing directly the jobs of many thousands of automobile workers, plus the jobs of those who work for subcontractors and related jobs in the communities where these workers live. The unemployment rolls in Michigan attest this fact. Already the well-being of these American citizens has been damaged. We cannot have a healthy, virile American economy under a policy that seeks to foster the spread of situations like this.

PRESENT POLICIES EVADE THE WILL OF CONGRESS

The evidence shows numerous efforts by executive agencies to circumvent relief as authorized in law. To cite a few examples:

1. The pleas of our textile industry were met by a plan, inspired by the executive branch, under which the Japanese imposed on themselves "voluntary export quotas."

2. Our petroleum imports are being determined by the importers themselves, by a regimented arrangement and under open governmental coercion.

3. Our strategically essential copper, lead, zinc, acid fluorspar, plywood, and tungsten industries are being seriously damaged by low-wage competition—minerals that were in short supply during World War I. The answer proffered is a Government subsidy which would be of no effective assistance to the industries involved and which would be disastrous to the taxpayers, setting a precedent for handling every important problem by the use of public funds.

A 10-YEAR PROPOSAL

The majority's bill, ostensibly a 5-year extension act, is in reality a potential 10-year tariff-cutting bill. It authorizes a maximum 25 percent reduction of a rate, stretched over 5 years. However, that 5-year projection of reductions need not be within the 5-year extension itself. A 25-percent reduction negotiated just prior to July 1, 1963, may, under the majority's bill, be proclaimed to become effective at the rate of 5 percent per year during the period 1963–68. We do not favor congressional delegation of any such potential 10-year commitment.

Congress in 1956 directed the Tariff Commission to work out a simplified revision of our complex tariff schedules. The Commission, understaffed and overburdened, is striving to complete this monumental task by early 1959. Before confusion becomes compounded, Congress ought to consider carefully the Commission proposals and, if desirable, enact them. However, there would be little hope for such consideration and action if Congress should enact the majority's

bill, which would tie the hands of Congress for 5 years and more, and encourage piece-by-piece tariff cutting, thus entail further complication of the schedules.

PHANTOM EMPLOYMENT FIGURES

Not in recent memory, has Congress been subjected to such a barrage of propaganda in favor of lowering our tariffs. Featured in such propaganda have been fantastic figures intended to (1) inflate the number of jobs dependent on foreign trade or exports; and (2) minimize the number of jobs which are vulnerable to imports.

Such wild mathematical fabrications represent a serious disservice to the Congress and to the American people. Little useful purpose can be served by discussing such figures at length here. We will only point out:

1. The latest detailed breakdown for such figures—and only a partial one at that—is 11 years old.

2. Whatever the figures, no “trade dependent” jobs would be jeopardized even if no extension bill were enacted, because the current status of tariffs and agreements would remain unchanged.

3. The figures on import-vulnerable jobs are understated by some millions, omitting over 2 million workers in textiles, automobiles and machinery alone; not to mention a protected domestic farm market supporting 7 million farmworkers.

This legislation is a serious matter, one to be considered thoughtfully by the Congress and by our Nation’s citizens alike. If figures are presented, they should be factual and above criticism.

THE LOGICAL ALTERNATIVE

World affairs are at a critical phase, and scientific and technological advances are pyramiding at astronomical speed. If it is true that our tariff and trade programs are an important ingredient of our national policy, it behooves us to approach them in an imaginative and thoughtful frame of mind. It is not enough merely to repeat a program begun in 1934 under a totally different set of conditions.

We need to have before the Congress the proposals and the studies of the United States Tariff Commission, now nearing completion, as well as the long-range proposals of many thoughtful groups representing industry, agriculture and labor. We can hardly give them meaningful consideration if our hands are tied by a 5- to 10-year commitment to a concept already a quarter of a century old.

For that reason we therefore propose that Congress limit its commitment to no more than 2 years.

Recent experience under the current law, particularly during a period of slackened economic activity and increased unemployment, leads to the conclusion that we must also include some corrective provisions in existing law.

Among the improvements which suggest themselves are the exercise by Congress of its responsibility for acting as an arbiter on important phases of the law’s implementation; corrections of demonstrated deficiencies in procedure; redefinitions and restatements of our intent in such matters as the peril point, the escape clause, the use of quotas,

the national-security provisions, and the relationship of import regulations to agricultural programs.

The proposal to permit Congress to be the arbiter between the Tariff Commission and the President on escape-clause recommendations has been thoughtlessly labeled by some as a "logrolling" proposal. It is, of course, nothing of the kind. It permits Congress to consider a single item, at any one time, and to act upon it in specific answer to the President's recommendation. Since the Tariff Commission's recommendation for a tariff increase would prevail unless Congress declared otherwise, the congressional action would be a direction either to retain the current rate, or to raise it less than recommended by the Commission.

There follows a more detailed commentary by the signatories to these minority views pertaining to (1) an appraisal of the objectives of the trade agreements program; (2) a brief outline of the defects in the existing trade agreements legislation; (3) an analysis of defects in the majority's bill; and (4) recommendations setting forth a realistic approach to responsible legislation on the subject of tariff policy.

I. OBJECTIVES OF THE TRADE AGREEMENTS PROGRAM

In 1934 when dark clouds loomed ominously on the American economic horizon, the trade agreements program was adopted as one of the emergency measures in which hope was placed to revive our flagging economy.

While recognition of the importance of foreign trade took no great imagination, the means to promoting that end was another matter. The commercial nations of the world had, for years, been building up high trade barriers in a—

frenzied effort to gain a so-called favorable balance of trade by shutting out foreign goods in disregard of the inevitable effect upon those branches of production which depend upon a world market.¹

But this was not entirely a problem of tariff barriers, for quantitative import restrictions, state monopolies, and governmental control over foreign exchange were common.²

In the face of these circumstances bold measures appeared to be called for. While the administration in 1934 requested and received from Congress the extraordinary powers permitting the President to reduce tariffs by executive agreements, these powers were not as "bold" as they seemed on their face. The agreements contemplated were for the mutual reduction of tariffs; oddly, it appears not to have been contemplated that foreign nations' quantitative restrictions and other trade controls would be eliminated or moderated by negotiation.

The chosen instrument for coping with the problem was the authority to negotiate "trade agreements" but it was and is a misnomer to refer to the agreements as "trade agreements" inasmuch as they did not propose actual interchange of goods.

Rather, they were "tariff agreements" for the interchange of tariff reductions with the hope that increased two-way trade would follow.

¹ H. Rept. 1000, 73d Cong. (1934), p. 2.

² *Ibid.*

The trade agreements experiment was attempted in 1934 solely as a matter of domestic policy. It was limited in duration to 3 years. The year of its termination, 1937, was one of partial and temporary recovery and it was necessary for the Congress to reappraise the measure in some other connotation than that of a recovery tool. It was then claimed for the first time that the trade agreements program would "strengthen the foundations of world peace."³

In 1940 the President requested another 3-year extension. This time, the justification offered was the part which the trade agreements legislation might play in strengthening the peace after the war.⁴ Thus, after the initial selling job to Congress on the basis of a domestic emergency the executive department increasingly claimed the act to be necessary as an adjunct to our foreign policy. The then Secretary of State stated to the Committee on Finance of the Senate in 1940:

* * * Unless we continue to maintain our position of leadership in the promotion of liberal trade policies, unless we continue to urge upon others the need of adopting such policies as the basis of postwar economic reconstruction, the future will be dark, indeed * * *.⁵

By 1943 it was boldly claimed by the State Department that the trade agreements program was essential "to bring about the fullest collaboration between all nations in the economic field with the object of securing for all, improved labor standards, economic advancement, and social security."⁶

By 1945 the proponents of the program had dropped all pretense of justifying it as a measure tailored to the needs of our domestic economy, and Congress was asked to extend the act on the basis that the trade agreement program had been "transformed into a powerful device for shaping a better world."⁷ Thus in the space of 11 years the program had been presented to Congress as a sovereign remedy for a number of ills—depression, international tension, and war. A common thread was building up in the representation that the program must have a permanent place in the United States foreign economic policy.

The executive department, having found the chord to which a majority of the Congress would respond, repeated the appeal for an extension of the act in 1948 and 1949, on the basis of its importance to American foreign policy in maintaining our leadership with respect to improving international economic relations.

A new objective of universal appeal had to be found. By the time the act was presented for renewal in 1953, this objective had, unhappily, been found; namely, the growing threat of international communism. Thus, the plea for extension in 1953 claimed the act's importance to cooperative action among free nations to achieve the highest possible level of trade for the sake of the economic strength and security of the free world.⁸ A Greek chorus reading the same lines of dire consequences set the stage for extensions of the act in 1954 and 1955.

³ See H. Rept. 166, 75th Cong. (1937), p. 2.

⁴ See H. Rept. 1594, 76th Cong. (1940), p. 2.

⁵ See S. Rept. 1297, 76th Cong. (1940).

⁶ See H. Rept. 409, 78th Cong. (1943), p. 12.

⁷ See H. Rept. 594, 79th Cong. (1954), p. 19.

⁸ H. Rept. 521, 83d Cong. (1953), p. 2.

In the plea for enactment of the extension proposal now before us, this objective once again is given a prominent role, supplemented by a new refrain, the claimed emergency posed by the newly established European Common Market.⁹

Thus, in each of the requests for extension of the Trade Agreements Act, the executive department has presented the legislation as the *sine qua non* for resolving a series of international crises. Those who have asserted their right to question the wisdom in these proposals have been castigated as obstructionists, unable to comprehend the exigencies of United States foreign policy or to cooperate in their solution.

Now we are told in the strongest terms that an extension with broad new authority is needed for—

1. Meeting head on the threat of the economic warfare now being waged by the Soviet Union;
2. Strengthening the economies of the free-world nations, particularly those of the underdeveloped countries;
3. Dealing with the problems raised by the newly established European Common Market;
4. Furthering a dynamic domestic economy.

These, of course, are areas of critical importance to us and to our allies in the free world. But it is too easy a step to claim that the trade agreements authority is a panacea for their solution. A satisfactory resolution of the problems can be achieved only by a vigorous and imaginative approach.

Whatever it may have been at its inception, the Trade Agreements program is no longer such an approach. The very basis of its appeal to foreign countries—the reduction of United States tariffs—has necessarily eroded as one after another of those tariffs has been reduced by the bargaining process. Measured against these formidable tasks the program is indeed a flimsy and uncertain weapon.

The issue before us is clear: Can the trade agreements extension we are asked to approve provide real vitality to our Nation in the monumental task of coping with these problems?

The answer is, quite clearly, an emphatic “No.”

II. DEFECTS IN THE EXISTING TRADE AGREEMENTS LEGISLATION

A. SUBSTANTIVE CONSIDERATIONS

The question to be asked with regard to the substantive sufficiency of the trade agreements authority is whether it constitutes a vigorous means for shaping the desired end. Considered in the light of the basic challenges we must meet, it is woefully defective.

THE SOVIET CHALLENGE

Clearly, the Soviet Union is conducting an economic offensive against not only the United States but against the free world. The Soviet leaders have made it abundantly clear that their purpose is political.¹⁰ In 1955 Mr. Khrushchev told a group of visiting United States Congressmen that “we value trade least for economic reasons

⁹ See H. Doc. 320, 85th Cong. (1958), p. 2.

¹⁰ Hearings, pp. 2645, 2672.

and most for political purposes.”¹¹ What they are aiming for is to create economic dependence upon the Soviet bloc, to spread Communist economic ideology, to weaken and disrupt economic relations among free world countries, and to pave the way for ultimate Communist political domination.

These Soviet trade efforts have been strongly oriented toward the underdeveloped countries now or potentially in the free world; “the total trade turnover between the Soviet bloc and these markets has risen from \$840 million in 1954 to an estimated \$1.7 billion in 1957.”¹² This is without doubt a development to be reckoned with.

But is the trade agreements program an effective answer to this economic offensive? Foreign trade is conducted as a state monopoly in the Soviet bloc countries.¹⁴ Producers there are not governed by the profit and cost considerations which guide the industries of the Western World. Furthermore, the Soviet organization is well adapted to waging economic warfare. They can shift resources rapidly to meet urgent national objectives; there need be no prior consultations with parliaments or the people. This permits them to trade on the basis of expediency, with prices governed by political objectives rather than by the commercial considerations which govern our trade.

We cannot and should not compete with the Soviets on a basis of state trading. It is a negation of the economic concepts on which the United States is built. Any American program which appears to subsidize exports brings vigorous protests and retaliatory measures from other exporting nations.

On the import side, we also would have to resort to state trading if we were to attempt to compete with the Soviets in opening markets to third countries. Merely lowering our tariffs leads to whimsical results, particularly because of the most-favored-nation policy we pursue. A reduction made for the benefit of one country accrues to all friendly countries, and hence we cannot guarantee that the particular country we wish to benefit will be able to take effective advantage of our tariff reduction. Also, our trade is through private channels and we can never guarantee to any foreign country the product it wishes to export to us can be handled profitably by middlemen, or even win acceptance by the American consumer. Our free-enterprise system is just not structured in a manner to permit effective dollar-for-dollar warfare with the exceedingly flexible state-trading complex of the Soviets.

In this connection, it is ironic to realize that the wherewithal for these excessive import prices can, and no doubt does, in large measure, come from sales of Soviet gold. Although definite figures are not available, it is estimated that gold is produced in the Soviet Union at the rate of 17 million ounces annually, which would be worth \$595 million.¹⁵ The irony of this lies in the fact that the value of gold is largely dependent upon the willingness of the United States Government to purchase gold in unlimited amounts from whatever source of production. As long as we stand ready to supply the Soviet Union with an amount of dollars limited only by the size of their gold sup-

¹¹ Hearings, p. 2645; see also p. 77.

¹² Hearings, pp. 71, 77, 638, 2644, 2672.

¹³ Hearings, p. 2644.

¹⁴ Hearings, pp. 78, 272, 638, 654.

¹⁵ Hearings, p. 2151.

plies, it is unrealistic for us to expect to compete successfully with them in the arena of economic warfare.

It should be recognized that a great deal of the Soviet "trade" consists of purchases of basic commodities, the price of which has been depressed on the world market for one reason or another, and that these purchases frequently find their way into the markets of Western Europe as "dumped" goods.¹⁶ Examples of the commodities in which the Soviets have recently trafficked are wool from Uruguay, coffee from Colombia, cotton from Egypt, rice from Burma, and rubber from Ceylon.¹⁷ A Russian mission recently visited Chile to negotiate for the purchase of copper.¹⁸

The trade agreements program provides virtually no assistance to us in dealing with this problem. In the first place, the Soviet activities in this area are frequently based upon one-time deals motivated by the expediency of a temporary market glut. The trade agreements legislation is not calculated to function in this manner.

More to the point, however, is the fact that tariffs have little, if anything, to do with the trading situation of the underdeveloped countries. By and large, the products which they offer in the export market are primary commodities and raw materials which, as a matter of general policy, are admitted duty free or at nominal duty rates by the United States and the industrialized nations of the free world.¹⁹ The futility of the argument made by proponents of the present legislation to the effect that the trade agreements program is an indispensable bastion in our defense against Soviet economic penetration in the underdeveloped areas is pointed up by the following colloquy between Deputy Under Secretary of State Dillon and a member of the Committee on Ways and Means:²⁰

Mr. SADLAK. Mr. Dillon, is there any way our policy can try to obtain these goods in those countries by the lowering of tariffs so that they would send them here rather than sell them to the Communists?

Mr. DILLON. I don't think that those types of goods enter into the problem very much because the raw materials that we are talking about are either materials which we have an excess of, such as the case of cotton, or they are metals or minerals which do not have any high tariffs presently existing.

The actions required are those that fall within the realm of private investment and the extension of economic aid through long-term loans, and, where appropriate, through grants. This was very clearly brought out by contributions to the compendium which was published by the Subcommittee on Foreign Trade Policy of the Committee on Ways and Means.²¹

Of course, Soviet trade relations are not confined to the underdeveloped countries of the world. A substantial and growing intercourse is taking place with the nations of Western Europe, notably with the United Kingdom.²² However, Soviet trade relations with

¹⁶ Hearings, pp. 383, 2672.

¹⁷ Hearings, p. 36; see also pp. 383, 412, 638.

¹⁸ Hearings, p. 161.

¹⁹ Hearings, pp. 80, 149, 387, 975.

²⁰ Hearings, pp. 2672-2673.

²¹ Compendium, pp. 175-176, 187-192.

²² Hearings, p. 1754.

this sector of the free world are overshadowed by the importance of the existing trading volume between these countries and the United States. Western Europe, for example, has enjoyed net dollar receipts from the United States ranging from \$100 million to nearly \$400 million per quarter in recent years, from trade, aid, and investment.²³ This is an exchange of goods and services with the United States totaling some 3 to 4 billion dollars per quarter. The Soviet trade agreements are inconspicuous by comparison. The long-term Russian-French trade agreement involves an exchange of goods valued at \$24 million;²⁴ but France exchanged goods with the United States in 1956 valued at well over \$1,000 million.²⁵ The 3-year Russian-West German trade agreement contemplates an exchange valued at \$300 million by 1960.²⁶ Contrast this with United States-West German trade in a single year (1956) of \$1.5 billion.²⁷

Thus, the trade agreements program can hardly be characterized as essential to keeping these nations from becoming dependent upon the Soviet bloc.

As pointed out to the Subcommittee on Foreign Trade Policy, the problem of coping with the Soviet trade offensive is "quite different from the problem of trying to set what you consider an equitable level of tariffs which everybody within the same economic area can adjust to, because the latter is only a matter of price competition. Here you have a situation of economic warfare and you need a different apparatus to deal with it."²⁸

The distinguished chairman of the Subcommittee on Foreign Trade Policy recognized this in commenting during the subcommittee hearings: "The objective at the moment, whether we like it or not, is to prevent Soviet Russia from subverting the free world and overcoming us. This is a political objective."²⁹

It should be clear from the foregoing that what is needed is a frontal attack on these problems. We cannot cope promptly and resolutely with a politically inspired move by resorting to the time-consuming and marginal technique of tariff negotiation.

THE PROBLEM OF THE UNDERDEVELOPED COUNTRIES

It is claimed that we need new trade agreement authority to expand trade with underdeveloped countries for two basic reasons: first, to afford them an opportunity, through expanded trade, to resolve the balance of payments difficulties in order that they may make more rapid progress toward economic development; and second, to counteract the encroachments which the Soviet Union has been making in these countries with its foreign aid program.

The fact is, however, that trade statistics reveal that the United States has an import surplus with most underdeveloped countries:³⁰

²³ Survey of Current Business, March 1958, p. 19.

²⁴ GATT, Summary of Trade Agreements, July-December 1957, p. 14.

²⁵ IMF, Balance of Payments Yearbook.

²⁶ International Financial News Survey, May 3, 1958, pp. 340-341.

²⁷ IMF, Balance of Payments Yearbook.

²⁸ Hearings before the Subcommittee on Foreign Trade Policy, December 2-13, 1957, p. 56.

²⁹ Hearings before the Subcommittee on Foreign Trade Policy, December 2-13, 1957, p. 208; see also p. 142.

³⁰ Compendium, pp. 154-155.

TABLE 1.—*Source of imports and destination of exports of the United States, 1955*

[Millions of dollars]

Country of provenance or destination	Imports from	Exports to	Surplus of imports (—) or exports (+)
Canada.....	2,646	3,134	+488
Brazil.....	630	240	—390
United Kingdom.....	615	915	+300
Colombia.....	442	328	—114
Cuba.....	417	450	+33
Japan.....	416	642	—226
Mexico.....	392	697	+305
Western Germany.....	362	587	+225
Philippines.....	252	338	+86
Belgium-Luxembourg.....	244	312	+68
Malaya.....	234	35	—199
India.....	224	187	—37
Netherlands Antilles.....	220	56	—164
Indonesia.....	212	75	—137
Chile.....	202	90	—112
France.....	200	357	+157
Italy.....	177	354	+177
Netherlands.....	148	472	+324
Switzerland.....	147	161	+14
Argentina.....	127	148	+21
Australia.....	126	201	+75
Belgian Congo.....	108	53	—55
Thailand.....	104	50	—54
Peru.....	103	120	+17
Kawait.....	95	16	—79
Union of South Africa.....	87	260	+173
Sweden.....	85	161	+76
Guatemala.....	71	56	—15
Turkey.....	62	—	—
Dominican Republic.....	62	60	—2
El Salvador.....	62	47	—15
Norway.....	62	75	+13
Spain.....	59	153	+94
Denmark.....	58	68	+10
Saudi Arabia.....	56	69	+13
Gold Coast.....	55	7	—48
Ecuador.....	53	46	—7
Finland.....	44	40	—4
New Zealand.....	43	52	+9
Liberia.....	40	21	—19

Source: U. N. Yearbook of International Trade, 1955, p. 701; see Compendium, pp. 154-155.

Certainly as to these countries there can be no balance of payments problem due to a "dollar gap."

Most export commodities from underdeveloped countries are primary products or raw materials. Now and for decades past most of these have entered the United States either duty-free or with very low tariffs. There is therefore relatively little that trade agreements negotiations can do for these countries. Moreover, resort to trade agreement negotiations to secure a reduction of these tariffs could have an adverse effect upon the balance of payments situation of underdeveloped countries. United States consumption of imported raw materials and primary goods is keyed to our industrial activity, rather than to the level of our tariff. On the other hand, the United States is primarily an exporter of finished consumer goods.³¹ Consider the effect a trade agreement concession on finished goods from the United States may have on the dollar exchange position of an underdeveloped country. Our reduction in duties on raw materials would have insignificant effect on the level of imports because the consumption is related to industrial demand and not to our tariff. And further, the foreign country's reduction in duty, having a direct

³¹ Hearings, p. 147.

bearing on the sales potential of the finished goods in the foreign market, may very well lead to an increase in consumption and therefore an increase in that country's imports. Under these circumstances has the use of the trade agreements authority aided that country's balance of payment difficulties?

In reality the balance of payments position of the underdeveloped countries is predicated not so much on the balance of trade with the United States as upon the world market price for their commodities.³² The forces of inflation in industrial countries have pushed the average value of finished goods higher and higher. The underdeveloped countries have had to pay more and more for their necessary imports from the proceeds of their exports, which are bringing relatively less and less. The solution to this problem does not lie with tariff negotiations; rather, it lies in private investment, carefully measured economic aid through long term loans and, where appropriate, through grants.

As the Subcommittee on Foreign Trade Policy was aptly advised ³³—

The central problem of foreign economic policy which the United States and its allies face is not the dollar gap. It is the strategic gap—the fact that in many parts of the world our strategic interests are far heavier than any possible economic interest that can be developed through trade and investment.

To promote political and economic stability in the underdeveloped countries a more rapid rate of growth is called for than can possibly come from normal trade.

The desperate need which the underdeveloped countries have for the immediate benefits which accrue from economic assistance has been astutely perceived by the Soviet Union. Soviet bloc economic assistance to less-developed countries outside the bloc has risen from zero in 1954 to a total of \$1.6 billion by the end of 1957.³⁴ The bulk, or some 95 percent, of this went to six countries: Yugoslavia, India, Indonesia, Afghanistan, Syria, and Egypt.³⁵ This assistance is being extended in the form of long-term loans, bearing low rates of interest, which are tied to the use of Soviet bloc industrial equipment and technical personnel, and the repayment provisions usually permit the debtor countries to make repayment in the goods which they have available for exports as an alternative to payment in convertible currencies.³⁶ Terms of repayment are frequently extended beyond the limits which we have been willing to accept.³⁷

This situation was succinctly presented to the committee: ³⁸

[T]he Sino-Soviet bloc does not ply its trade on the basis of the principles of Western free enterprise. It has larger immediate objectives than the pursuit of profit or the creation of capital. Under the Soviet system, money has a different significance than it does in the free world. Trade loans are

³² Hearings, p. 972.

³³ Compendium, p. 40.

³⁴ Hearings, p. 2644.

³⁵ Hearings, p. 1721.

³⁶ Hearings, p. 2644.

³⁷ Hearings, p. 254.

³⁸ Hearings, p. 262.

being offered at a 2-percent interest rate; terms of repayment are extended beyond what we would consider normal prudent practice; and where mere money interferes, barter is an acceptable way of accomplishing desired ends. The less developed countries with disposable surpluses are certainly going to have difficulty resisting Soviet offers to exchange these for wanted goods.

In the face of these exigencies, it is somewhat fatuous to contend that the trade agreements program can effectively cope with the problem with which the underdeveloped countries are faced.

THE EUROPEAN COMMON MARKET

The President's message to Congress on the trade agreements legislation states, concerning the European Common Market: ³⁹

These countries will ultimately have a common tariff applying to imports from the rest of the world. It is anticipated that important steps toward this common tariff will become effective during 1962—up to 4½ years from the renewal date of our trade agreements legislation.

It is conceded, therefore, that the impact of the common market will not be fully felt by the United States for at least 4½ years.

It is difficult to predict what effect the new Customs Union will have upon the trade of the free world. As observed by the Department of State in the compendium of the Subcommittee on Foreign Trade Policy: ⁴⁰

While there can be no doubt that common market developments will affect world trade patterns in the future, it is extremely difficult to predict with any degree of certainty what the effects will be for specific commodity trade or specific countries. Technological, political and social developments, shifts in taste and other factors affecting economic trends becloud any simple cause and effect relationship in international trade and make predictions in this field subject to wide margins of error.

Thus there is not rational basis for seeking extended negotiating authority in order to carry out "defensive" negotiations prior to the institution of the common tariff, because, as the Department of State has realistically acknowledged, there is absolutely no way to tell what the operational effect of this tariff will be. Further reductions in our tariffs at this time would be a tactical blunder, frittering away what little bargaining power we have and placing us in the awkward position of having even less ability to cope with the ultimate effects of the external tariff, if ultimately they prove to be unduly restrictive of United States trade.

There is a further answer to the contention that interim negotiations must be conducted in order to protect our interests vis-a-vis the common external tariff. It is an obligation of the GATT, to which each of the six Common Market countries is a signatory, that when a customs union is established the general incidence of the external tariff shall be "no higher or more restrictive than the general inci-

³⁹ H. Doc. 320, 85th Cong. (1958), p. 3.

⁴⁰ Compendium, pp. 373-374; see also p. 814.

dence of the duties and regulations of commerce applicable in the constituent territories prior to the formation" of the union.⁴¹ Furthermore, most tariff rates of the Common Market countries are now bound under the GATT.⁴² To the extent that adjustments of national rates to the new unified rates involve increases in rates which have been the subject of trade agreement concessions, compensatory concessions must, according to the obligations under GATT, be granted.⁴³ Negotiations for these compensatory concessions are to be completed before such increases are put into effect.⁴⁴ In this connection, it is significant to note that discussions at the 12th session of the GATT brought forth the fact that negotiations with respect to compensatory concessions probably will not be undertaken by the contracting parties to the GATT until the latter part of 1960 or early 1961.⁴⁵

Since the executive department has, properly or improperly, brought the United States within the purview of the GATT, it is curious that the Executive is diffident about the obligation which GATT presumably imposes on the Common Market members not to erect a restrictive external tariff.

Thus, far from being an occasion for the grant of new tariff reduction authority, the European Common Market is justification for not extending new tariff reduction authority. The action which now is required under the existing contractual obligations of the member countries is the grant of concessions to the United States rather than vice versa.

Furthermore, a customs union is per se discriminatory against the commerce of the nations which are not members. United States law requires the President to withdraw concessions from trade agreement partners which discriminate against our commerce. Any moral suasion which the administration may feel appropriate to encourage the members of the Common Market to keep the external tariff at a reasonable level certainly resides in the power which the President has under existing law to withdraw concessions from countries which discriminate against us.

This was the substance of the opinion which a highly respected economist gave to the Subcommittee of Foreign Trade Policy. He declared: ⁴⁶

If the United States insists on these points [that intra-European tariffs be reduced by uniform percentages and that trade diverting and grossly discriminatory tariff reduction be avoided], basing its claims on the relevant provisions in the GATT agreement and bilateral provisions in the GATT agreement and bilateral commercial treaties containing most-favored-nation clauses, it will not only protect its own legitimate export interests, as well as those of other countries outside the Common Market, but will also serve the true interests of the members of the Common Market.

Furthermore the elimination of the Common Market's internal tariffs (and hence its full effect on the market's trading partners) will

⁴¹ GATT, art. XXIV 5 (a) ; see also hearings, p. 2656.

⁴² Hearings, p. 2730.

⁴³ GATT, art. XXIV 6.

⁴⁴ Hearings, p. 2730 ; see also p. 2649.

⁴⁵ GATT, Basic Instruments and Selected Documents, supp. 6, p. 74.

⁴⁶ Compendium, p. 481.

require 12 to 15 years. The significance of this was stressed to the Subcommittee on Foreign Trade policy:⁴⁷

In this period the United States producers will have an opportunity to adjust to the new trading situation. This gradual approach provides time for any necessary adjustments similar to those being made all the time in the dynamic and competitive free enterprise economy of the United States.

It should be apparent that the establishment of the Common Market does not call for renewed negotiating authority.

EXPANSION OF THE DOMESTIC ECONOMY OF THE UNITED STATES

Proponents of the trade agreements authority claim that the vitality of our domestic economy is tied to expanding world trade. This depends, they argue, on the authority of the President to make continued reductions in United States tariffs. They assume that such a program will stimulate imports, thereby giving foreign countries more dollars, and that this will stimulate a greater volume of purchases from the United States.

This leads to the non sequitur that once all tariffs have been removed there would be a stagnation of international trade, because there would no longer be means at hand to stimulate its increase.

Next, it is said that the United States has an export surplus which must be eliminated if the dollar earnings of our trading partners are to be increased, so as to permit nontariff restrictions imposed by these countries on our trade to be eliminated. But the trade agreements program has been in operation for 24 years, during which period we have granted continuous and substantial reductions in our tariffs. Nevertheless, nontariff restrictions against dollar trade are more prevalent now than they were in 1930.⁴⁸ It is the consensus of a number of experts that world trade today is more tightly regimented than it ever has been before in peacetime.⁴⁹

TABLE 2.¹—*Major nontariff impediments to the flow of trade and capital imposed by 89 foreign nations—a partial list*

Type of impediment :	Countries
Advance deposit for imports.....	13
Exchange licenses.....	33
Exchange tax.....	9
Existence of blocked nonresident accounts.....	10
Export licenses.....	46
Forced exchange of payments received in foreign currency.....	47
Import licenses.....	62
Import quotas (agricultural).....	9
Import quotas (other than agricultural).....	8
Multiple exchange rates.....	23
Preferential trade systems.....	21
Restrictions on incoming capital movement.....	28
Restrictions on outgoing capital movement.....	36
Restrictions on payments for invisible imports.....	45
State trading.....	13

¹ See hearings, p. 330.

Moreover, the basic assumption of a United States export surplus is false when all elements of dollar earnings are considered. Through

⁴⁷ Compendium, p. 3.

⁴⁸ Hearings, p. 330.

⁴⁹ Hearings, p. 741.

Government loans, grants, tourism, insurance, private investment and other invisibles, the merchandise surplus is more than equalized.⁵⁰ Indeed, far from draining the free world dollar resources, the United States actually has a consistent cash deficit in its international transactions. Our trading partners have increased their gold and dollar reserves at an annual rate of \$2 billion throughout most of the period 1952-56, and by nearly \$700 million in 1957, so that these reserves now total \$30 billion.⁵¹ In the light of these facts, apologists for the widespread use of nontariff restrictions on the theory of a dollar-gap have been deluded. As the committee was informed:⁵²

The problem is not that there is a shortage of dollars abroad, but rather that most countries prefer to use the dollars they have for other uses than the purchases of United States merchandise. Foreign nations hoard dollars to stabilize their own currency or for use as exchange with other nations. For example, Brazil, which earns huge dollar credits through sales of coffee in this country, prefers to spend them in Europe where manufactured goods can be bought more cheaply.

It is nothing short of intellectual dishonesty to contend that increasing levels of imports must be secured by tariff reductions in order to sustain and expand our exports because, in the first place, our annual outflow of dollars is already greater than our receipts, and in the second place so long as nontariff restrictions abound, the level of exports is not fully amenable to stimulation through the medium of reciprocal tariff-reducenig negotiations.

AGRICULTURE AND THE TRADE AGREEMENTS PROGRAM

A major problem with which the domestic economy of the United States is faced is that of agricultural surpluses. We have attempted to protect the well-being of our farm population by embarking upon a price support program which, in turn, necessitates the imposition of import quotas in order to prevent our support prices, which are higher than those of the world market, from attracting a crippling flood of foreign agricultural products. So long as we maintain this price-support program, it is a tactical impossibility to cast our quota system onto the conference table in trade negotiations. Furthermore, our support program is accompanied by a program for export subsidies on agricultural products. A farm organization witness before the Subcommittee on Foreign Trade Policy stated that "over 70 percent of our agricultural commodities shipped abroad in 1957 were moved by some sort of governmental assistance."⁵³

So long as the domestic price support program is a part of our economic way of life, export subsidies will be an inseparable adjunct. These, and not our tariff reductions, account for our agricultural exports.

⁵⁰ See hearings, pp. 118, 124, 125, 1520-1521.

⁵¹ Federal Reserve Bank of New York, *Monthly Review of Credit and Business Conditions*, New York, N. Y., February 1958; see also hearings, pp. 332, 2150.

⁵² Hearings, p. 332.

⁵³ Hearings before the Subcommittee on Foreign Trade Policy, December 2-13, 1957, p. 490.

THE FOREIGN TRADE WORK FORCE

A great hue and cry has been raised by the proponents of extension of the trade agreements authority to the effect that 4½ million American jobs are dependent upon continuation of the legislation. The argument depends upon the false premise, among others, that expiration or a simple extension of the President's authority would return our tariffs to 1930 levels. This, of course, is absurd—our reduced rates of duty will remain in effect. Termination of the President's authority does not terminate our existing trade agreements.

Furthermore, there is serious question as to the legitimacy of the above figure. Members of this committee tried time and again to secure from administration witnesses some breakdown of the figure and substantiation of its component parts. No satisfactory accounting was ever rendered.⁵⁴ The strongest defense which could be mustered was the statement of Secretary Weeks that the figures came from the Bureau of the Census or the Bureau of Labor Statistics (he knew not which), and that he had "never heard any questions raised as to the objectivity or accuracy of figures that come from Census or the Bureau of Labor Statistics."⁵⁵

An examination of the 4½ million figure quickly shows how it has been completely misused in the arguments for extension of the Trade Agreements Act. The figure of 4½ million workers was obtained by adding together the workers in export industry, the workers engaged in processing raw material imports, plus all the workers involved in handling and transporting exports and imports—dockworkers, seamen, etc. It is, of course, ridiculous to suppose that all of these or in fact any of them would lose their jobs merely because tariffs are not further lowered. If these are any additional American jobs accounted for solely by our exports, they would be manufacturing establishments engaged in the production of goods for export. (It has already been shown above that our agricultural exports are due mainly to Government subsidies and not to the trade agreements program.) It appears that some 6 percent of our national manufacturing production may be exported. The labor force in manufacturing industries is about 15 million workers; 6 percent of that figure would be some 900,000 workers.

This figure would seem to represent the number of workers who have a direct stake in United States exports, and there is no accurate way of determining how many, if any, of them are dependent upon the production of goods that move into the export market because of tariff concessions which have been obtained under the trade agreements program.

It is significant that no comparable figure appears to have been constructed by "the Bureau of the Census or the Bureau of Labor Statistics" with respect to jobs in domestic industries which are dependent upon the existence of tariff protection. Thus it is meaningless for the figure of 4½ million jobs allegedly due to our export industries to be injected in the debate on the trade agreements program since there is no point of comparison to aid in evaluating the figure.

⁵⁴ See hearings, pp. 2697-2698, 2706, 2776.

⁵⁵ Hearings, p. 2777.

B. PROCEDURAL CONSIDERATIONS

The Trade Agreements Act of 1934, in delegating power to the President to negotiate for reciprocal tariff concessions, carefully specified a series of procedural criteria which were to be followed in the use of the authority. Since that date, these criteria have not only remained a basic part of the legislation, but have been augmented as the Congress sensed that further guidelines were needed to manifest its intent with respect to the manner in which the authority was to be used.

CONDITIONS PRECEDENT TO NEGOTIATIONS

Congress described the circumstances under which the President could exercise his negotiating authority,⁵⁶ as follows:

For the purpose of expanding foreign markets for the products of the United States * * * the President, whenever he finds as a fact that any existing duties or other important restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized [to negotiate trade agreements].

As originally introduced the act did not require the President *to find as a fact* that existing restrictions were unduly burdening the foreign trade of the United States. This was added in the Senate, the Senate Finance Committee report stating:⁵⁷

The committee has inserted the words "as a fact" following the words in subsection (a) "the President, whenever he finds." This is to make clear that Congress under the proposed bill is establishing a policy and directing the Executive to act in accordance with the congressional policy only when he finds as a fact that existing duties or other import restrictions are unduly burdening and restricting the foreign trade of the United States. * * *

The committee made it clear that Presidential action was dependent upon findings of fact of both the restrictive effect of duties and the furtherance of the policy of the act. It said:⁵⁸

The House bill makes the action of the President dependent upon his finding either that existing duties or import restrictions are unduly burdening and restricting the foreign trade of the United States or that such action will promote the purpose set forth. In order to require a finding by the President on both of these points, the word "or" has been changed to "and."

In view of these two amendments it is unmistakably clear that the findings of fact which the act makes a condition precedent to the exercise of the trade agreements authority by the President was to be no mere idle ceremony. Rather, the finding was regarded as being of great importance by the Congress.

⁵⁶ Public Law 316, 73d Cong. (1934).

⁵⁷ S. Rept. 871, 73d Cong. (1934), pp. 1-2.

⁵⁸ S. Rept. 871, 73d Cong. (1934), p. 2.

It is difficult to reconcile the past administration of the act with this clear statement of congressional intent. First, the hearings which are conducted prior to negotiations by the Committee for Reciprocity Information rarely develop information upon which the President could find as a fact that existing duties or other import restrictions are unduly burdening and restricting the foreign commerce of the United States. It is true that some few domestic producers infrequently will testify to their desire to secure a concession in the customs treatment of their articles when exported to another country. Also, occasionally, United States importers will appear to suggest the desirability of reducing United States tariffs on articles in which they are interested but in the main the scope of the commodity classification included in the negotiations far exceeds those upon which any information was submitted touching upon the burdening or restrictive effect of the United States or foreign tariffs involved.

Second, the preamble to the Trade Agreements Act (sec. 350(a)) of the Tariff Act of 1930 as amended sets forth a number of limitations which are to be observed in using the trade agreement authority. These include the regulation of imports in accordance with the needs of domestic industries, the securing of foreign tariff concessions to create market opportunities for United States producers which *require* and are capable of developing them; and the grant of like United States concessions to foreign producers who *require* and are capable of developing United States market opportunities. There is little in the procedure practiced in the CRI hearings which is directed toward information which would make possible finding of facts on these limitations in the congressional policy.

Though the President's proclamations constantly recite that he has found as a fact that duties and restrictions are unduly burdening the foreign trade of the United States and that the purposes of the act would be served by the trade agreement concessions which he has agreed to, there is reason for believing that this is little more than a formality. What Congress so carefully defined as a necessary finding of fact seems to have been converted in the history of the trade agreements program to mere language in the paperwork which affects a reduction of United States tariffs.

Congressional concern that adequate factfinding precede trade agreement negotiations was evidenced also by the establishment of the peril-point procedure in the 1951 Extension Act.

But here, too, there is cause for dissatisfaction. Witnesses before this committee pointed up a very serious shortcoming in the technique which is used to disseminate public notice prior to the hearings. If the notice is inadequate to apprise individuals of the fact that a commodity in which they have an interest is the subject of trade agreement negotiations, the factfinding procedure will be a sham. Consider the following testimony: ⁵⁹

In the 1956 Geneva negotiations concessions were granted on broad categories of chemicals in "basket clauses," such as those in paragraphs 5 and 11 of schedule 1 of the Tariff Act of 1930. The description of the products covered by paragraph 5, for example, was so broad that domestic producers

⁵⁹ Hearings, p. 1677.

did not receive reasonable notice that their products were on the auction block.

From all appearances this "basket category" approach to the designation of articles upon which concessions may be made is becoming more and more frequent. The volume of articles which are considered in trade negotiations under the GATT has constantly risen with each round of negotiations so that untold numbers of commodities included within hundreds of commodities descriptions are now presented as a matter of course. This has a consequence which is perhaps even more serious and far reaching than its impact on the public notice aspect of the matter. The Tariff Commission, which is charged with the responsibility for making the injury determinations on this vast number of commodities, is given the short space of 120 days. The Commission states that it is difficult to conclude a single escape-clause action in much less than 9 months. How can adequate consideration be given to the same question of injury on thousands of commodities in peril-point investigations in less than half the time?

There is also evidence that the presentation of interested parties in peril-point proceedings and in the hearings of the Committee for Reciprocity Information may not be accorded the dignity which the Congress intended. For example, in 1955, the stainless steel flatware industry presented a detailed analysis of the competitive position of that industry in view of tariff concessions which had already been granted. The conclusion to be drawn from the data presented was that further reductions in duty would injure the industry. Nevertheless, our negotiators at Geneva granted further reductions in duty. As predicted, imports increased, injury resulted, and the industry was forced into an escape-clause action. The Tariff Commission was then unanimous in its finding of serious injury.

NEGOTIATING PHILOSOPHY

The concept of reciprocity is one which is firmly imbedded in the philosophy of the trade agreements program. When the legislation was first considered in 1934, the debates clearly indicate that the purpose of the act was to permit the President, or his duly authorized representatives, to negotiate directly with a foreign government for the mutual reduction of unduly burdening and restrictive barriers to trade which hampered the flow of commerce between the two countries. Indeed, this concept should be so self-evident as to require no documentation. It is interesting to note, therefore, that in 1955,⁶⁰ at a time when Japan was experiencing a great deal of difficulty in securing trading partners in the Western World, the United States proceeded under the trade agreements authority not to secure concessions from a country whose trade barriers were "unduly burdening and restricting the foreign trade of the United States," but rather to *offer* concessions to western countries in exchange for their pledge to remove barriers which they had against Japanese trade. Secretary Weeks made the following astounding reply to an inquiry by a mem-

⁶⁰ Hearings, p. 2731.

ber of this committee with respect to the use of the trade agreements authority in such a manner:

We cannot rule out the possibility that we might use our bargaining power in negotiations with the Common Market in order to secure advantages for or reduce disadvantages of the Common Market to countries other than Japan.⁶¹

Apparently the Executive has proceeded firmly to entrench in its concept of appropriate authority this unique procedure whereby we undertake to secure trade concessions on behalf of a third country.

The most firmly established concept which the Congress imparted to the trade agreements legislation in 1934 was the principle that the authority would be used in such a manner that injury to domestic industries would be avoided. Now as the executive department once more appears before Congress seeking renewal of the authority, the President's message for the first time in the 24-year history of the Trade Agreements Act fails even to pay lip service to that principle. And with good reason. This committee has heard a parade of industry witnesses testify as to the injurious manner in which the Trade Agreements authority has been exercised. Consider the following table:

⁶¹ Hearings, p. 2731.

United States industries injured by Trade Agreements Act 63

Industry	Tariff reduction	Increase in imports	Drop in domestic production and other adverse effects
Woolgrowing (467)	25 percent in 1948	123,652 dozen (1950) to 1,000,000 dozen (1957)	Production down 50 percent by 1954.
Fabric gloves (579)	40 to 50 percent since 1930	49,000 dozen to 133,000 dozen (1957)	Production down from 3,463,000 dozen (1950) to 2,582,000 dozen (1956).
Leather gloves (580)	Up to 50 percent since 1930		Manufactures 42 percent fewer workers, down from 9,000 to 4,000, dollar value of industry down from \$45,000,000 to \$16,000,000.
Knit gloves (847)	On gloves valued over \$1.75, 25 percent since 1930	252,000 dozen pair (1937-39), 1,003,000 dozen pair (1952-54), 1,619,000 dozen pair (1955-57); imports have risen to 56 percent of United States market.	755,000 dozen pair (1937-39), 1,295,000 dozen pair (1952-54), 1,278,000 dozen pair (1955-57).
Cameras, 35-millimeter (601)	44 percent since 1930	Japanese, 121,042 (January-November 1956), 226,934 (January-November 1957).	Argus sales down from 184,000 (January-November 1956) to 165,000 (January-November 1957).
More than \$10 (612, 613), (603)	25 percent since 1930	All countries, 202,667 (1954) to 467,317 (1957).	Photography workers down from 45,200 (July 1954) to 42,600 (December 1957).
Microscopes (623)	Up to 45 percent since 1930	\$753,398 (January-November 1956) to \$1,102,270 (January-November 1957).	Domestic share of United States market steadily decreasing.
Wood screws (708)	40 percent in 1948, 16½ percent in 1951	684 gross (1948), 6,338,567 gross (1951), 9,798,692 gross (1956), 7,265,863 gross (1957); imports have risen to 25 percent of domestic orders.	43,645,320 gross (1948), 52,380,324 gross (1951), 33,687,804 gross (1956), 28,897,592 gross (1957).
Cordage (818)	62½ percent since 1930	72,000,000 pounds (1930) to 190,000,000 pounds (January-November 1957) excluding rope, 65,000,000 pounds (1950) to 182,000,000 pounds (January-November 1957); imports have risen to 65 percent of United States market.	326,000,000 pounds (1950) to 184,000,000 pounds (January-November 1956) excluding rope, 218,000,000 pounds (1950) to 96,000,000 pounds (January-November 1957).
Fluorspar (913)	No tariff change, domestic production possible only because of Government purchases.	Metallurgical grade, 8,821 short tons (1940), 121,146 short tons (1950), 211,020 short tons (January-September 1957); acid grade, 3,052 short tons (1940), 43,488 short tons (1950), 418,380 short tons (January-September 1957).	Metallurgical grade, 199,992 short tons (1940), 203,851 short tons (1950), 112,980 short tons (January-September 1957); acid grade, 33,008 short tons (1940), 97,659 short tons (1950), 192,672 short tons (January-September 1957).
Tile (992)	35 percent since 1930, 25 percent more July 1958.	All ceramic floor and wall tile: 291,000 square feet (1947), 1,884,000 square feet (1950), 23,479,000 square feet (1956), 15,317,000 square feet (January to November 1957).	All ceramic floor and wall tile: 107,898,000 square feet (1947), 127,302,000 square feet (1950), 227,369,000 square feet (1956), 168,043,000 square feet (January to November 1957).
Quarry	57 percent since 1930, 24 percent more July 1958.	493,000 barrels per day (1946-49), 1,052,000 barrels per day (1954), 1,561,000 barrels per day (July to December 1957).	Ratio of imports to domestic production: 9.7 percent (1946-49), 16.6 percent (1954), 22.8 percent (July to December 1957).
Not glazed except quarry	57 percent since 1930, 25 percent more July 1958.	Residual fuel: 54,244,000 barrels (1947), 119,166,900 barrels (1951), 161,846,000 barrels (1956), 154,157,000 barrels (January to November 1957).	Central Pennsylvania production: 62,832,000 tons (1947), 47,120,000 tons (1951), 40,758,000 tons (1956), 39,375,000 tons (1957); coal displaced would have provided jobs for 25,000 miners.
Glazed	Free.		
Oil (1029)	do		
Coal (1080-1061), (2199)	do		

63 Figures in parentheses under the industry name are page references to the hearings.

United States industries injured by Trade Agreements Act ⁶³—Continued

Industry	Tariff reduction	Increase in imports	Drop in domestic production and other adverse effects
Clothespins (1169-1170)-----	50 percent since 1930-----	870,000 gross (1947), 1,940,000 gross (1957 projection based on January to November). Imports in 1957 sufficient to take care of 75 percent of domestic market.	13 plants: 9,300,000 gross (1947), 6 plants: 6,800,000 gross (1957 projection). Market price down 30 percent; excess domestic production of 21,000 flasks in 1957.
Quicksilver (1180-1181)-----	Duty per unit not changed but price has reduced effect 60% percent since 1922. Reduced in 1948 then reinstated-----	15,000 dozen (1947 preretraction), 120,000 dozen (1949 postreduction), 121,000 dozen (1951 postreinstatement 111,000 dozen (January to August 1957); imports only 5 percent of domestic production before 1948, up to 40.2 percent before tariff reduction corrected, now up to 58 percent.	492,000 (1947), 560,748 (1949), 765,824 (1951), 190,000 (January to August 1957).
Hats: Women's hat bodies (1416)-----	50 percent-----	400,000 dozen (1953), 800,000 dozen (1954), 1,500,000 dozen (1955), 1,900,000 dozen (1957).	"An important part of our cap industry has been rendered almost nonexistent by these importations."
Toy caps (1408-1409)-----	Up to 90 percent since 1930; tariff reduction in 1956 brought 300 percent rise in imports.	797,650 square feet (1948), 3,804,050 square feet (1949), 23,333,550 square feet (1950), 69,518,300 square feet (1954), 83,936, 315 square feet (1955), 281,620,500 square feet (1956), 178,250,850 square feet (1957).	21,956,000 boxes (1955). 23,852,000 boxes (1956), 17,000,000 boxes (1957).
Glass (1439, 1442)-----	Up to 60 percent-----	China: 695,000 dozen (1947), 4,100,000 dozen (1950), 5,949,000 dozen (1954), 7,464,829 dozen (1956); earthenware: 1,316,000 dozen (1947), 1,911,000 dozen (1950), 3,368,000 dozen (1954), 6,748,000 dozen (1956).	Semivitreous dinnerware, manufacturers: Dozen shipped, 27,293,281 (1947), 23,365,968 (1950), 18,932,833 (1954), 18,015,564 (1956); earning after taxes, \$4,150,350 (1947), \$1,951,892 (1950), \$1,107,882 (1954), \$124,207 (1956); man-hours, 25,681,758 (1947), 20,596,834 (1950), 15,858,009 (1954), 13,936,095 (1956); workers down from 38,000 in 1946 to 25,000 now.
Pottery (1450, 1490)-----	Up to 50 percent-----	Imports provide 90 percent of United States retail purchases; imports from Japan 10 times domestic production.	36.3 percent decline, 1950-57; Japanese imports displacing 11,000 United States workers.
Fine china (1456-1457)-----	Up to 70 percent since 1930-----	\$27,339,792 (1954), \$53,643,352 (1955), \$66,680,517 (1956).	\$1,711,450,937 (1954), \$1,943,439,254 (1955), \$1,964,914,230 (1956); workers laid off 20 percent of 1956 and 1957 at 1 plant.
Glassware (1471, 1476)-----	Up to 50 percent since 1930-----	Cattle: 619,705 head (1937-39), 460,969 head (1950), 314,377 head (1955), 727,853 head (1957); meat: 254,000,000 pounds (1937-39), 384,000,000 pounds (1950), 389,000,000 pounds (1955), 524,000,000 pounds (1957).	Threat of oversupply depressing prices.
Cattle (1567)-----	50 percent generally-----	Imports now 30 percent of domestic production--	Approaching postwar low employment off 28 percent; industry moving abroad.
Machine tools (1740-1742)-----			

Lead (1779, 1781, 1787)-----	50 percent in 1943; removed completely, 1948; reinstated, 1943 level, 1949; returned to pre-1943 level, 1951; reduced to 1943 level, 1951; removed completely, 1952; reinstated at 1943 level, 1952.	90,000 short tons (1939), 330,515 short tons (1948), 640,552 short tons (1952), 499,450 short tons (1957).	624,779 short tons (1939), 823,209 short tons (1940), 801,992 short tons (1952), 773,482 short tons (1957); employment in lead-zinc mining down 50 percent from 1952.
Zinc (1791, 1799)-----	20 percent in 1939; 38 percent in 1943; 20 percent in 1951; abolished completely in 1952; reinstated at 1951 level in 1952.	69,066 short tons (1939), 220,532 short tons (1948), 636,453 short tons (1952), 732,500 short tons (1957).	628,907 short tons (1939), 704,167 short tons (1948), 740,666 short tons (1952), 590,128 short tons (1957).
Brass mill (1806-1808)-----	90 percent since 1938-----	In 1930's, before tariff cuts, imports averaged 722,000 pounds. In 1957, after cuts, 108,000,000 pounds. Since 1950, imports have increased from 1.3 to 6 percent of domestic market.	Domestic business and exports have declined.
Wire fence (1828-1892)-----	50 percent-----	Southeastern area in 1957: Fence up 966 percent from 1953, nails up 340 percent from 1953, barbed wire up 412 percent from 1953, reinforcing bars up 153 percent from 1953.	Atlantic Steel Co. in 1957: Fence sales down 72 percent from 1953, nails sales down 30 percent from 1953, barbed wire sales down 84 percent from 1953, reinforcing bars sales down 40 percent from 1953.
Bicycle (1858-1859), (2824)-----	25 percent in 1950; moderate reinstatement after lengthy escape-clause procedure in 1955.	Nationwide in 1957: Plate up 1,200 percent from 1954, structural shapes up 58 percent from 1954, tubing up 1,600 percent from 1954, pipe and tubing up 255 percent from 1954.	United States steel plants operating at 53 percent of capacity.
Plywood (1892), (1963), (1969)-----	Up to 70 percent since 1930-----	Never more than 1½ percent of consumer sales before 1950; after reduction in tariff reached 40 percent in 1955; 28 percent in 1957.	Subpar profits since 1950.
Fur (1927-1928), (1932)-----	Up to 70 percent since 1930 if not free-----	64,000,000 square feet (1951), 850,000,000 square feet (1957); imports up 1,200 percent since 1951; imports 8.2 percent domestic shipments and 7.6 percent domestic consumption in 1951, 85.2 percent domestic shipments and 46 percent domestic consumption in 1956.	805,000,000 square feet (1951), 780,000,000 square feet (1957); 7 of 18 plants in Wisconsin have closed since 1951; remaining plants operating 25 percent below average; United States market has doubled but domestic sales down.
Hardboard (2078), (2082)-----	73.4 percent since 1930-----	Mink: 1,028,000 pelts (1947), 2,268,000 pelts (1948), 3,051,000 pelts (1957); now more than 50 percent of domestic market.	Mink: 2,500,000 pelts (1949), 4,417,063 pelts (1956); price dropped 25 percent in 1957 because of oversupply from heavy imports.
Tuna (2125-2126), (2264-2265), (2270)-----	73 percent on tuna in brine, 22 percent on tuna in oil-----	Sweden: 28.7 percent (1952), 100 percent (1953), 162.1 percent (1954), 446.2 percent (1957); (1953 used as base year).	Since 1950, more than 100 percent decline in profits to net loss; 25 percent decline in employment; 31 percent decline in workers' earnings.
Stainless steel flatware (2240)-----	50 to 73 percent since 1930-----	Canned tuna and tunalike fish: 8,559,700 pounds (1948), 51,834,300 pounds (1956); ratio to domestic catch, 2.8 percent (1948), 40.4 percent (1956).	
		883,189 dozen (1953), 7,999,297 dozen (1956), 8 percent of United States production in 1953, 54.4 percent in 1956, 64.5 percent in January-April 1957.	

⁶³ Figures in parentheses under the industry name are page references to the hearings.

United States industries injured by Trade Agreements Act ⁶³—Continued

Industry	Tariff reduction	Increase in imports	Drop in domestic production and other adverse effects
Copper (2353, 2359).....	Free.....	-----	6,500 drop in employees, 1957 to 1958. Prices down 50 percent from June 1956, this despite drop in imports from 60 percent of domestic production in 1953 to 22 percent in 1957. Reason: United States price determined by world supply which is freely exportable to United States.
Textiles, (2458) (2467).....	Up to 50 percent in 1955.....	Textiles: Now 3 percent of United States market, velveteen: 1 percent of United States market 1948; 67 percent in 1955, 45 percent in 1957. 33 percent increase in 1955, 47 percent increase in 1956, 19 percent increase in January to October 1957. Shotguns: 23,300 (1947), 55,700 (1952), 96,800 (1957). Japanese: 20,000,000 (1956), 71 percent of market.	Employment drop of 345,000 since 1950 in textiles; 61 percent drop in woolen and worsted branch between 1947 and 1956.
Lead pencils (2889-2891).....	50 percent since 1945.....		
Sporting arms (2893).....	75 to 80 percent since 1930.....		
Cigarette lighters (2808).....	55 percent since 1930.....		25 percent decline in employment in 1957; 20 percent reduction in workweek in some cases. 8,000,000 (1956), Park Sherman Co., 1 of 2 United States manufacturers of dollar lighters dropped 30 percent in sales in 1957.

⁶³ Figures in parentheses under the industry name are page references to the hearings.

Representatives from the following industries also testified as to damaging impact of the Trade Agreements Act upon their business:

Electrical manufacturers (471).

Tung oil (1146).

Ultramarine blue (1733).

Birdcage (2513).

Watch (2574).

By contrast, consider now the paucity of support for the legislation manifested by firms who trade in the export field:

*Domestic exporters supporting the extension of the Trade Agreements Act in order to remove or avoid foreign tariff barriers*¹

Name	Product	Country or countries involved
Caterpillar Tractor Co. (255)-----	Tractors-----	European common market.
Rodgers Hydraulic, Inc. (971)-----	Hydraulic equipment for maintenance of tractors and heavy construction vehicles.	None specified.
American Cotton Shippers Association (434)-----	Cotton-----	European common market.
Bell & Howell Co. (968)-----	Photographic products-----	Brazil, Uruguay.
Standard Fruit & Steamship Co. (1423)-----	Agricultural implements-----	Honduras.
Millers' National Federation (1564)-----	Milled wheat flour-----	"Foreign countries."

¹ Figures in parentheses following the industry name are page references to the hearings.

It is interesting to note that the executive department is at least developing a backhanded recognition of the injury problem. An official of the Department of Commerce recently revealed that a list of Federal agencies was being compiled to assist domestic industries that might be adversely affected by the trade agreements program.⁶²

Initially there was no way for an industry injured by trade agreements tariff reductions to secure relief. In 1943, the Executive negotiated the first escape clause. In 1947, by Executive order, the availability of this procedure was made general. This reflected a growing awareness of the injury problem. But the administration of the escape clause was quite ineffective. The Executive, either through inertia or lack of comprehensible standards, entertained very few actions. In 1951, the Congress, alarmed (a) that the Executive was not adequately considering the interests of domestic industry in its negotiations, and (b) that the existing escape-clause procedure was inadequate, made an escape-clause procedure part of the trade agreements legislation. Since that time, there have been more than 60 cases. But even with this congressional action, the Executive has failed to reform. The Tariff Commission has found serious injury in 27 cases, but the executive department has refused relief in all but 10 of these.

For the most part, the President's inaction has been based upon disagreement with the Tariff Commission's findings—though it is with the expert trier of the facts designated by Congress. The situation has become intolerable.

The Congress has no quarrel with the prerogative of the President to consider questions of national security in passing upon escape-clause recommendations. But, in the absence of clear and overriding con-

⁶² Hearings, p. 896.

siderations having a direct bearing on the national security, it is plain that the President should accept the Tariff Commission's findings of fact, particularly where they are unanimous.

The Tariff Commission in arriving at its recommendation has studied the problem over a period of up to 9 months. It has consulted with members of the industry, made field investigations, and collected detailed statistics. The President, on the other hand, has devoted through his staff only 60 days at the most in his study of the matter. The Tariff Commission, moreover, is a body whose expertise in the field of tariffs and trade matters is conceded. It is nothing short of incredible that the President should, in the absence of compelling national defense reasons, take issue with the Tariff Commission's findings.

Closely related to this problem of arbitrary Executive action in turning down recommended relief is the fact that in the case of cotton textiles and stainless steel flatware the President has chosen to accept "voluntary" quotas from Japan on the eve of impending action upon a recommendation by the Tariff Commission that escape-clause relief should be granted. The Executive has a mandate of Congress to consider—section 6 of the 1951 Extension Act directing that an injurious concession be withdrawn. He should not ignore the law and pass the regulation of our imports into the hands of a foreign country. The inadvisability of this is demonstrated by the fact that the quota which the Japanese established on cotton velveteens was not enforced.⁶³

THE NATIONAL SECURITY AMENDMENT

In the Trade Agreements Extension Act of 1955 the Congress, further alarmed at the possible effect of import injury on our defense capacity, added the national security amendment to the law. Again congressional policy has been greeted by Executive inaction. Since the enactment of this amendment there have been 14 petitions, but only one finding of threat to the national security.

Perhaps Congress should have been more specific. There has been criticism that the legislation does not establish adequate criteria, and the Office of Defense Mobilization has failed to publish interpretative regulations.⁶⁴ And the time required for the Office of Defense Mobilization to make a decision has proved interminably long. We have been given no suggestions by the Executive as to how this remedy can be made responsive to the obvious intent of Congress.

DISCRIMINATIONS AGAINST UNITED STATES TRADE

It is common for the United States to find that having negotiated what it thought to be a reciprocal tariff concession with a foreign country that country nullifies its concession by the imposition of some nontariff restriction such as a quota, licensing requirement, etc. The committee was told by a representative of the fruit industry for example that—⁶⁵

every year, our Government has to get permission for American fruit to enter [Europe], if at all, in limited quantity

⁶³ Hearings, p. 2469; as to these voluntary quotas generally, see pp. 28, 31, 68, 82, 399, 412, 1243, 1459, 1892, 1991, 2107, 2245, 2254, 2409, 2458, 2469, 2471, 2489, 2805.

⁶⁴ Hearings, p. 101.

⁶⁵ Hearings, p. 1581.

or value, for a limited marketing period, by negotiating for it. Then such things as these happen: We may be denied access while others are allowed to enter. Other sources may be granted upon general license, while we get a tight quota, and a shorter or less favorable period of entry. Negotiations are dragged on and on, decisions and announcements are frustratingly delayed, while the season slips past and others enjoy the short-supplied market.

The trade agreements legislation is very specific in directing that the President *shall* withdraw concessions to countries which discriminate against American exports. However, in the entire history of the trade agreements legislation, in spite of the continued discriminations practiced against our commerce, the President has invoked this provision only once. This was in 1937 where most-favored-nation treatment was withdrawn from Australia for the period of 1 year.

The question naturally presents itself whether the nontariff restrictions against our exports would have persisted as they have if a more forthright compliance with the spirit of this provision of the law had been observed by the Executive.

COMPENSATORY CONCESSIONS

The executive department has accepted as a consequence of escape-clause action compensatory concessions to countries claiming to be affected. In view of all our concessions being limited by the principle that serious injury is not to occur or continue, compensatory concessions are unilateral expressions of good will granted without authority under the delegation of authority to the President. Unfortunately the executive department grants such concessions as a matter of course, and there appears to be erroneous widespread belief that we are obliged so to do.⁶⁶

CONCLUSION

The foregoing analysis can lead to only one conclusion: In essential aspects of the trade agreements program, the executive department has failed to support in principle or to carry out in effect the mandate of the Congress. The consistent pattern of disregard for both the letter and the spirit of the legislation renders the extension of vast additional power to the Executive in this field a highly questionable matter.

With the foregoing background, let us turn to a consideration of the renewal act and the amendments thereto.

III. ANALYSIS OF PROPOSED LEGISLATION

Basically, the extension act as introduced contains the same platitudes and unimaginative proposals with which the Congress has been greeted each time the Trade Agreements Act has been presented for renewal. There are, however, two salient features of this legislation which deserve specific attention.

⁶⁶ As to compensatory concessions generally, see hearings, pp. 229, 773, 924, 1859, 2119-2120, 2122, 2729.

The first salient feature is the fact that the administration has requested a 5-year extension. This is unprecedented. There are a number of alleged justifications advanced among which are (1) the fact that in negotiating for reduction of impediments to United States exports, a better deal can be made if the negotiating country has confidence that our course will not be changed for at least 5 years; (2) the need to cope with the newly established European Common Market; and (3) the apparent view that long-term commercial commitments are difficult to make or secure unless there is some assurance of a consistent policy for a reasonable length of time. Merely to state these is to point up the vacuous nature of the argument which lies behind them. For the past 23 years, the extensions have ranged from 1 to 3 years. The proponents of the program state in enthusiastic terms what has been accomplished to date. Apparently there is no dissatisfaction on their part with the foreign-trade "deals" which we have made in the past. The argument with respect to the common market has been effectively countered in a previous section. The third argument, relating to long-term commercial commitments, is only superficially valid. If valid at all, it applies to concessions in a trade agreement, and not to an extension of the act. Once trade concessions are negotiated they continue unabated regardless of the duration of the authority under which they are negotiated.

The true significance of this 5-year extension proposal should be recognized. Because of a related provision which permits negotiations embracing the full 5-year period of reductions up to the very moment that the legislation itself expires, we have in effect a 10-year grant of authority. This, to say the least, is too much. In view of excesses and frequent disregard for the will of Congress which the Executive has demonstrated in past administration of the trade-agreements program, it would be irresponsible to place a 10-year span of trade authority in the hands of the executive agencies. There is every reason for the Congress to insist on frequent review of the manner in which this delegated authority is used.

The second salient feature of this legislation is the alarming proposal to vest in the executive department negotiating authority that would include the ability to grant concessions leading to the lowest duty possible under three alternative approaches. These alternative methods of computation can easily lead to tariff reductions far above 25 percent and of up to almost 100 percent in some instances.⁶⁷

First, the provision for reversing Presidential disapproval of Tariff Commission recommendations with regard to the escape clause by a concurrent resolution approved by a two-thirds vote of each House presents a serious constitutional question. Article I, section 7, of the Constitution makes action of the President an essential element of the legislative process. Under the proposed amendment, this essential element would be effectively avoided, and legislative action would be taken by a concurrent resolution, never presented to the President. Similar provisions have been considered unconstitutional by Attorneys General of both parties (37 Ops. Atty. Gen. 56 (1933) (Attorney General Mitchell advising President Hoover to veto a bill which would subject income tax refunds to approval of a joint committee); 39 Ops. Atty. Gen. 61 (1937) (Attorney General Cummings advising Presi-

⁶⁷ Hearings, pp. 1675, 2079.

dent Roosevelt that the joint resolution providing for participation in the New York World's Fair was unconstitutional)). Despite some more recent approval of this type of provision, see Senate Report No. 232, 81st Congress, 1st session (1949), and its inclusion in the Reorganization Acts and other statutes, its use must be regarded as constitutionally suspect. Provisions of this type have been subjected to serious critical analysis, and no Federal court has ever passed on their validity. (See Ginuane, *The Control of Federal Administration by Congressional Resolutions and Committees*, 66 Harv. L. Rev. 569 (1953); Jackson, *A Presidential Legal Opinion*, 69 Harv. L. Rev. 1353 (1953).)

Second, the change proposed in the committee bill to the national security amendment is a meaningless gesture. The issuance of clear standards and criteria for the guidance of the Director of the Office of Defense Mobilization in administering his responsibility is meritorious. However, the absence of any increased certainty with respect to the administrative consequences of a finding of impairment of the national security is regrettable. The signatories of these minority views were unsuccessful in determining that a domestic producer would find this safeguard improved by the changes proposed by the committee.

Third, with respect to increasing the time limit for peril-point investigations to 6 months, there can be no argument. With the volume of commodities which have been brought into the web of negotiations in the past it has been made painfully apparent that adequate consideration of injury levels could not physically be accomplished within the 120 days heretofore allotted. Even 6 months may not be enough but it is a step in the right direction.

Fourth, with respect to the provision that in an escape-clause action concerning an item on the free list the Tariff Commission may recommend and the President may impose a rate of duty a serious constitutional question is raised. The Constitution gives to the Congress authority to levy taxes. A tariff is a tax. Therefore, in imposing a duty on a free list item the Tariff Commission and the President would be collaborating in levying a tax. This they clearly cannot do. The distinction should be made between *levying* a tax, which this would be, and *adjusting* a tax pursuant to policy guidelines laid down by the Congress which the present trade agreement authority provides for.

Fifth, there is no reason why the Tariff Commission should not be accorded specific subpoena privileges in connection with this legislation although its assessing power under section 332 could well suffice.

Sixth, with respect to the disclaimer of GATT, it should be noted that this is the fourth extension of the Trade Agreements Act in which this proposal has been made and yet during this period there has been no disposition on the part of the Congress to take a firm stand and call this matter up for consideration to resolve the issue once and for all.

Seventh, the proposal that the President should be required to report on actions taken to obtain removal of restrictions against United States exports is a salutary development. It is tragic, however, that such a proposal is necessary because existing legislation contains within its four corners completely adequate means for coping with these restrictions.

Eighth, the proposal that the President shall seek information and advice from representatives in industry, agriculture, and labor in the course of negotiating trade agreements is a proposal without substance. The words "seeking advice" are vacuous and indefinite. The proposal obviously is calculated to give the appearance of acceding to the interests of domestic parties in our negotiations but in reality, such a provision would undoubtedly molder in the darkness of disuse.

IV. RECOMMENDATIONS

Viewed realistically, one feasible approach to resolving the conflicting interests present in a controversy as basic as this is to accept the position that the trade agreements program can be temporarily extended. The duration of such an extension should take into account the imminence of the forthcoming tariff classification and schedule revision to be submitted to the Congress by the Tariff Commission. Also important is the compelling need for Congress to make frequent review of our Nation's tariff policy in the light of rapidly changing world conditions and the geometric acceleration of technological development.

In making provision for any extension of the trade agreements program Congress must be responsibly mindful of the abuses which have heretofore been manifested in the executive department's administration of this program and should undertake to make effective improvement in the safeguards contained in existing law so that the abuses are not continued for the period of the extension.

With these prefatory observations as a point of departure, it is submitted that the legislative proposal which has been cosponsored by several Members of Congress represents a more realistic and constructive concept of trade agreements legislation than the bill presented by the committee majority. We therefore submit the following proposals for consideration by the Congress.

Salient features of preferred legislation would be as follows:

1. The tariff-reducing features of the 1955 Extension Act are continued for a period of 2 years, but it is provided that any decrease negotiated shall not become initially effective after the expiration of that 2-year period. This provision is eminently rational because, as testified by the administration witnesses before this committee, a substantial part of the authority granted in the 1955 Extension Act has not been utilized. Thus there is no logical reason for granting additional authority, still broader in scope, while this previous authority remains unused. Furthermore, by limiting the effective date upon which any reduction may initially become effective, the use of the authority is limited to the period for which it has been granted. This also is desirable.

2. With respect to increases in duties negotiated under the trade agreements authority, it is proposed that the basis upon which increases may be computed be changed from January 1, 1945, to July 1, 1934. It should be provided that where specific or combination duties are involved in this determination they should be converted into equivalent ad valorem duties. These provide realistically for adjusting our duties to offset the effect of the inflationary trend of prices which seems to be a fixture in our economic scene, both domestic and international.

3. It is proposed that escape clause recommendations be completed within 6 months. This is certainly desirable from the standpoint of the petitioner, particularly small-business organizations which lack the staying power implicit in longer investigations, because it expedites the achievement of such relief as he may be entitled to.

4. It is proposed that the President must consult the Tariff Commission with respect to the determination of the finding of fact which he is required by law to make that "existing duties or other import restrictions of the United States or any foreign country are unduly burdening or restricting the trade of the United States." This brings the utilization of the authority back into focus with the specific and explicit congressional intent and provides a ready control upon any tendency to let the fact finding process slip into obscurity.

5. One of the most fundamental reforms would provide that the Tariff Commission shall prepare for the President the list of items subject to negotiation. This sensible procedure will make available to the President the invaluable investigatory experience of the Commission and insure that the articles considered will in fact correspond to the criteria which have been specified by the Congress. These have been too long ignored.

6. It is proposed that whenever the Tariff Commission in its determination of peril points finds that a present rate is below the level which would, in the Commission's opinion, avoid injury to the domestic industry involved, the United States shall negotiate an increase to the peril point. The most appropriate time and place for the adjustment of such tariff provision is in the context of the overall negotiations with the country principally concerned. If such a country should decline to go along with such adjustments it would indicate the inadvisability of concluding a new agreement with additional concessions to that country.

7. It is proposed that the escape clause be strengthened by providing that if the President differs with the recommendations of the Tariff Commission, he shall submit a report to the Congress embodying his alternative recommendations and that unless the Congress writes the President's proposal into law within 60 days, the Tariff Commission's recommendations will go into effect. This procedure properly allows the Congress to participate in a decision to depart from the general policy which it has established which normally requires the grant of relief to an injured industry. In cases where there are overriding national defense or security factors involved, these will be reported by the Executive and Congress will give them consideration. However, the flexibility which the executive department now has to ride roughshod over the express mandate of the Congress can effectively be checked.

8. The national security amendment of the trade agreements legislation should be changed by spelling out the tariff and quota action which the President must take if he agrees with advice of the Director of Defense Mobilization that an applicant industry is essential to national security and is being injured by imports. Under the proposal, if the President wished to take some lesser action, he would be required to certify to the Congress that the action otherwise prescribed by the statute would impair the availability of essential materials to the United States. By making clear the type of action which the Presi-

dent is expected to take, such an improvement would eliminate a great area of uncertainty which presently attaches to the defense amendment.

9. Important amendments would be made in the procedure for adjusting imports of agricultural commodities to avoid impairment of domestic programs and to avoid the irreparable injury involved where perishable agricultural commodities are concerned. Procedural improvements would be made which would permit the Secretary of Agriculture, the House Committee on Ways and Means, the Senate Committee on Finance, or any interested party to petition the Tariff Commission directly for an investigation and make the findings of the Commission final. The bill also contains a clarifying change to reaffirm the congressional intent that imports which cause increased costs in any agricultural program constitute interference with the program justifying relief. Also the President is given authority to further restrict or exclude imports when the Secretary of Agriculture finds that special circumstances so require.

For the compelling reasons set forth in these minority views the undersigned members of the House Committee on Ways and Means are opposed to the favorable consideration of the bill, H. R. 12591.

DANIEL A. REED.

THOMAS A. JENKINS.

RICHARD M. SIMPSON.

NOAH M. MASON.

JOHN W. BYRNES.

ANTONI N. SADLAK.

ADDITIONAL MINORITY VIEWS OF HON. JOHN W. BYRNES

I have concurred with my Republican committee colleagues who have joined in signing minority views because in my judgment such views express an accurate and objective criticism of the manner in which the trade agreements program has been administered in the past. In regard to the program's administration I am particularly concerned over the demonstrated inadequacy of negotiating procedures and over what I regard as the flagrant disregard on the part of the executive branch of the legislative intent manifest in the safeguards for domestic producers. While I agree in general with the recommendations for improvement in the law submitted by my fellow signatories, I cannot endorse the recommendations in their entirety. I also find it necessary to reserve a question with respect to the comments on constitutionality set forth in the views of my minority colleagues.

I would emphatically and categorically state disapproval of the bill H. R. 12591 as reported to the House by the majority of the committee. It is my view that the report contains meaningless changes in the escape-clause procedures and in the procedures under the National Security Amendment. These changes will not under any stretch of the imagination afford any more effective protection of domestic industry against injury than is inadequately available under existing law. The committee bill therefore purports to grant broad and far-reaching discretion to the Executive with respect to further tariff reductions without providing any meaningful improvement in existing safeguards. Accordingly, the effect of the committee bill is to expose industries that have already sustained injury under the existing program to further economic impairment without strengthening their posture under the safeguards to obtain their survival. I am particularly concerned that the committee bill fails, in my judgment, to provide more effective and prompt action to provide injured industry with ameliorative relief.

I do not question the desirability of the objective of reciprocally expanding international trade among the nations of the free world. The attainment of this objective is thwarted by a failure to recognize that steps which expand foreign trade at the expense of domestic industry are in themselves destructive of a continuing growth of such international trade. For a program conducive to expanding trade to be effective, proper safeguards must be maintained so that domestic industry can compete on a fair basis in our domestic market; and the program must effectively achieve true reciprocity in opening foreign markets to American-produced goods.

JOHN W. BYRNES.

APPENDICES

The following appendixes are attached at the end of the report:

Appendix A.—A review of accomplishments under the trade agreements program since its inception in 1934, including discussion of tariff concessions exchanged between the United States and other countries, achievements in the reduction of quantitative restrictions against United States exports, important trade safeguards in the General Agreement on Tariffs and Trade, and the settlement of trade problems in the framework of the general agreement.

Appendix B.—Excerpts of testimony presented to the committee in support of the trade agreements program by representatives of executive departments, business and industry, labor, agriculture, and public interest groups, and extracts from numerous newspapers of editorial comment in favor of the program. Both the testimony and the press comments represent all regions of the United States—New England, the Middle Atlantic States, the South, the Southwest, the Midwest, and the West.

Appendix C.—How a trade agreement is made: The requirements of the legislation, the interdepartmental organization, the preparatory procedure, and the negotiations.

APPENDIX A—ACCOMPLISHMENTS OF THE TRADE AGREEMENTS PROGRAM

A. Introduction

The trade agreements program has been the cornerstone of American foreign trade policy for nearly a quarter of a century. The unprecedented attack on trade barriers during these years—especially the postwar progress under the GATT—has undoubtedly played an important role in the enormous expansion of United States foreign trade which has taken place since 1934. The volume of our merchandise exports in 1957, measured in constant dollars and exclusive of military aid, was well over three times that of the early 1930's and more than double the high level of the late 1920's. The volume of merchandise imports in 1957, also measured in constant dollars, was more than twice the 1930-34 average and some 70 percent above the level of 1926-29. If actual dollar values were used the increases would appear more striking since prices have risen considerably during the past two decades.

The great increase in United States trade that has taken place cannot, of course, be attributed solely or even primarily to the reduction in trade barriers. The period under consideration has been one of tremendous economic upheaval involving recovery from the depression of the early thirties and the effects of two major wars. These factors, together with accelerated technological progress and the underlying growth trends in the United States and foreign economies, have been of great importance in shaping the course of our trade.

Nevertheless, trade agreements have provided the framework within which this healthy expansion of world trade has occurred. By promoting the relaxation of Government controls, they have facilitated the international movement of goods in response to basic market forces, widening the scope for application of free enterprise principles and creating opportunities for the exercise of private initiative by traders here and abroad.

The continuing need of many countries to maintain balance-of-payments restrictions directed toward conserving their scarce dollars bears witness to the fact that foreign demand for United States goods outruns the means of payment. The problem for those countries is, how can they pay for the goods they want to buy from us? To the extent that countries can replenish their supplies of dollars by selling goods to us, they can continue to buy from us. And if we diminish our purchases from them, their ability to buy from us likewise declines.

Thus, the export and import aspects of foreign trade are interdependent in the United States, as well as in every other trading country. The amount that foreign countries have at their disposal to spend here for American goods and services is in the long run inevitably dependent on the amounts we spend to buy their goods and services.

The trade agreements program provides a gradual and practical way of attaining a high level in this international exchange, and of obtaining the maximum benefits from it. It recognizes that progress toward the desired goal of a higher level of trade cannot and should not be unilateral. The program helps to open up and to expand markets for our products abroad by obtaining, through a reciprocal exchange of benefits with our trading partners, more liberal treatment for our exports than we could otherwise obtain.

As the President stated in his budget message to the Congress last January:

"In order to pay for imports of goods and services from the United States other countries must be able to export to us. Progress for them and for us will receive its greatest impetus by development of the most favorable fields of production coupled with a gradual but steady reduction of unjustifiable trade barriers.

"We live in a world of economic, no less than political interdependence. As the greatest producer, consumer, and exporter in the world, the United States must be a dependable market for foreign goods if mutually beneficial trade is to grow and prosper."

In order to achieve the basic purpose of the trade agreements, the removal or reduction of artificial impediments to trade, the United States has negotiated trade agreements with nearly all major trading nations of the world and currently maintains such relationships with 43 countries. Eight of these are under bilateral agreements and the remaining 35 were negotiated under the General Agreement on Tariffs and Trade (GATT). This agreement, originally, negotiated in 1947, is the central and principal element in this network of agreements. Initially signed by 21 governments, it now has 37 signatories, accounting for some 85 percent of all international trade.

B. Tariff concessions exchanged between the United States and other countries

Under the trade agreements program, the United States has exchanged tariff concessions with countries which conduct the great bulk of the world's trade, which last year was valued at approximately \$100 billion, in terms of the total exports of all countries.

The 35 countries with which the United States has trade agreement relations under the general agreement took 70 percent of total United States exports, and the 8 countries with which the United States has bilateral agreements accounted for another 10 percent.

Under the general agreement, the contracting parties have exchanged some 60,000 tariff concessions, of which approximately 3,000 represent concessions granted by the United States. Under the most-favored-nation principle, which is the keystone of the GATT, United States exports benefit by concessions negotiated by other contracting parties among themselves as well as the concessions which the United States has received by direct negotiation. The bilateral agreements to which the United States is a party also contain most-favored-nation provisions which assure to United States trade any benefits which the other party may grant to a third country. As a result of these multilateral and bilateral agreements, approximately two-thirds of all United States exports to the countries with which we have trade agreements benefit from tariff concessions.

In terms of trade, it is estimated that the concessions obtained by the United States are divided approximately equally between duty reductions and duty bindings. Of those granted by the United States, approximately 40 percent are duty reductions and about 60 percent are bindings of import treatment, in most cases bindings of duty-free status.

This brief summary gives an indication of the magnitude of our system of agreements and the extensive amount of trade covered by tariff-rate commitments. The benefit of this body of commitments derives both from the reductions in tariff levels achieved and from the stability afforded by having all concession rates bound against increase, regardless of whether or not they represent reductions from previous levels. Sufficient flexibility is provided in the agreements to permit adjustments in individual bound rates when a real need arises. However, the many specific commitments serve to dissuade participating governments from making unnecessary or unpredictable tariff adjustments or from acting without due regard to the effects of their actions on trading partners.

Not only is there a balance in concessions in trade agreements when initially negotiated, but also in any subsequent modifications of the schedules a balance in the concessions is maintained. In cases where other countries modify concessions in which the United States has an interest, it is the aim of the United States to obtain as compensation new concessions as valuable to United States trade as those modified. Similarly, when the United States modifies its concessions, other countries try to obtain as compensation new concessions of benefit to their trade.

In almost all of the renegotiations of tariff concessions under the General Agreement on Tariffs and Trade, new concessions have been granted by the countries modifying their schedules with the result that

the schedules are maintained at an overall level at least as favorable to trade as that existing when the agreement was first negotiated. Only rarely have renegotiations resulted in reaching a balance at a lower level through the withdrawal of concessions on both sides.

During the period in which the trade agreements program has been in operation, there has been a marked decline in the tariff levels of nearly all participating countries. In table I (p. 96), average ad valorem rates for individual countries are shown for an early year in which trade agreement concessions could not have been reflected to any great extent and for the most recent year for which figures are available. The average rates were obtained by dividing total customs receipts by the total value of the country's imports in the particular year. While these ratios cannot be relied upon for intercountry comparison of tariff levels, they do give a reasonably meaningful indication of the direction and extent of changes in the level of a given country's tariff from one period to another.

Some of the changes of course reflect the effects of price increases on the incidence of specific duties. In a few cases, there may have been some unilateral reductions. However, there would seem to be little doubt, in view of the scope of tariff bargaining that took place during this period, that negotiated reductions were a major factor in achieving the lower tariff levels that prevail today.

As shown by the examples listed in table II (p. 97), a wide variety of United States export products—both manufactured goods and agricultural products—benefits from specific tariff concessions negotiated with the respective countries on a reciprocal basis.

C. Achievements in reduction of quantitative restrictions against United States exports

Tariffs are not the only barrier to the expansion of profitable trade nor the only source of trade friction. The trade agreements program is therefore directed toward the broader objective of limiting any kind of state action which unduly hampers the operation of market forces, and especially toward eliminating actions that establish different standards for treatment of goods according to their nationality. Hence the GATT trade provisions apply to all goods, not merely those covered by tariff concessions, and cover other kinds of action besides imposition of tariffs.

An important provision, upon which there had never before been general international agreement, is the general prohibition against the use of quotas limiting quantities of products which may be imported or exported.

A quota is one of the most severe restrictions that governments can impose on trade. It is usually more severe than a tariff because it constitutes an absolute barrier which cannot be hurdled even though a buyer might be willing to pay a very high tariff or a seller might be willing to sell at most attractive prices. It denies any benefits of competition once the quotas are filled. As in the case of most trade barriers, quotas remove normal inducement to productive efficiency. Historically, quotas have been important instruments of economic nationalism. They were used extensively between the wars and were particularly injurious to the trade of the United States. Before the GATT there was no general international commitment to limit their use.

The broad undertaking to forego the use of quotas is thus of particular significance to the United States. When it was adopted there was a general realization that the destruction and economic dislocations brought about by the war would require many countries to maintain extensive controls during the recovery period, including import restrictions to protect limited reserves of foreign exchange and avert balance of payments crises. These restrictions would bear particularly heavily upon United States export opportunities. It was important to United States interests, therefore, that some framework of rules be established within which necessary restrictions could be applied with a minimum of trade disruption and that procedures be specified to facilitate their removal when the underlying need for them no longer prevailed. Such arrangements were embodied in the general agreement.

Though the agreement looks to elimination of quotas, it recognizes the need a country may have to safeguard and ration limited supplies of foreign exchange. When a country runs low on foreign exchange, it has no alternative. It has to stop importing. While recognizing the need for this exception, the United States has been able to use the GATT very effectively in pressing for the elimination of such quantitative restrictions, in accordance with GATT provisions, as financial conditions improve. Regular consultations are conducted under the GATT to determine whether the restrictions are being applied consistently with the term of the general agreement. Revised procedures which became effective in 1957 will strengthen the consultations.

By 1956 most GATT countries had made some progress in reducing restrictions against dollar goods and recent actions have increased the scope of this liberalization. As late as 1953 only 2 of the 14 GATT countries in Western Europe permitted any significant volume of dollar imports to enter without limitation by licensing authorities. Today only France and Turkey have not liberalized at least 40 percent¹ of their private dollar imports and 10 of the remaining 12 countries have achieved a dollar liberalization representing more than half their dollar trade. Percentages range as high as 94 for Germany and 99 for Greece. In many of these countries controls have been relaxed even in the unliberalized sectors by more liberal licensing, opening of new quotas or the enlargement of previous quotas. In certain cases lists have been established of products for which licenses would be issued automatically in order to test demand and indicate the extent to which formal liberalization could be undertaken.

Progress has not been uniform, of course, and the payments positions of a number of countries still require rather strict import controls. In a few cases, restrictions previously removed have had to be reimposed. Table II (page 97), which gives examples of items on which tariff concessions have been granted by foreign countries, also indicates the extent to which these countries currently employ quantitative import restrictions.

The exception for quantitative restrictions imposed for balance-of-payments reasons was made in response to the realities of international economic relations. Without certain exceptions, it would not have been possible to reach meaningful agreement on a set of trade pro-

¹ A liberalization ratio reflects the percentages of private imports from the United States and Canada in the base period 1953 of commodities that can now be imported without obtaining the prior approval of licensing authorities.

visions. Similarly, it has been necessary from time to time to grant waivers from the GATT provisions. The United States, for example, found it necessary to request a waiver to permit it to impose import restrictions as a means of avoiding interference from imports with our domestic agricultural programs. The request was granted with a requirement for an annual report by the United States as to action taken in imposing such restrictions. The same approach was used in dealing with a number of other cases, including a waiver granted to the participating countries to permit the establishment of the European Coal and Steel Community. These developments demonstrate the realistic and practical basis on which the GATT operates.

D. Other important trade safeguards in the GATT

In addition to the important provisions relating to quantitative restrictions, other articles of GATT are designed to prevent use of internal taxes on imports to offset and nullify tariff guaranties that have been given, and rules concerning valuation for customs purposes and import-export formalities. These general provisions establish fairly firm, accepted rules under which traders can operate. They look to publicity, certainty, and stability in governmental regulations affecting trades; with their help, decisions by traders can be based to a greater extent on the economics of the market.

Aside from direct trade benefits to the United States, these provisions have an additional value for the United States in their implicit acceptance of the basic tenets of our economic philosophy. The importance of competition and the value of allowing market forces to operate freely are not only recognized as the basis of GATT but are promoted and supported by the agreement. The principle of equal treatment for the goods of all nations assumes and looks to policies permitting purchasers to buy where they can get the best product at the lowest price. The basic rule prohibiting quantitative restrictions under normal circumstances likewise looks toward minimizing government interference in trade. One article deals with state trading as an exceptional situation, but even here the test is that government enterprises should act on the basis of commercial considerations. In short, GATT is based on the idea that trade will be carried on mainly by private individuals acting in response to the traditional market economy factors of supply and demand.

In the scope of trade measures covered, in the extent to which it implies support for free enterprise, and in the breadth of participation, the GATT represents a major pioneering effort. It is in that light that the committee believes the record of accomplishment should be examined.

E. Settlement of trade problems

The periodic business sessions of the GATT countries provide a forum where governments may discuss their trade problems and submit complaints arising from the practices of other governments. Experience with the agreement over a period of more than 10 years impressively demonstrates the ability of nations, given an attitude of good will, to cooperate on a continuing basis in resolving problems arising out of their trade relations, even though they involve important clashes of interest, sometimes in a highly charged political atmosphere.

Most countries in the GATT have brought one or more trade complaints in the GATT forum or have had complaints brought against it. In the great majority of these cases the complaints have been satisfactorily settled in accordance with GATT principles. Complaints about Australian fertilizer subsidies, discriminatory internal taxes in Brazil, Greek duties on phonograph records, Swedish anti-dumping duties, German potato tariffs, are a few of the many issues which the GATT machinery has successfully handled. In addition, many trade disputes have been resolved informally with the GATT procedures available in the background for formal invocation if necessary, thus encouraging nations to try, in the first instance, to settle any trade disagreements between them through the normal diplomatic process.

In several cases our ability to cite the provisions of the agreement has facilitated the amicable settlement of trade disputes of direct concern to the United States, thereby bringing about the withdrawal of discriminatory restrictions on exports from this country of such items as coal, apples, cigarettes, lumber, potatoes, textiles, automobiles, tobacco, petroleum, wool, and motion pictures. In all of these cases the existence of an agreed set of principles and a free forum for discussion made it easier to reach a satisfactory solution without bitterness and recrimination.

Some examples of how the GATT helped to settle problems affecting United States exports are the following:

1. *Netherlands preference on oranges.*—In 1951–52 on the basis of the obligation in GATT not to increase margins of preference against other parties to the agreement, the United States was successful in preventing the Netherlands from extending the period during which Surinam oranges would obtain preferential treatment in the Netherlands.

2. *French stamp tax.*—A French stamp tax levied on customs receipts, originally purported to cover the administrative costs of customs services, was increased in 1955 to provide funds for payment of family allowances. The United States protested this action as inconsistent with GATT obligations, and in 1956 the French Government removed the tax.

3. *Brazilian internal taxes.*—Brazil, contrary to the provisions of the GATT, imposed internal taxes on certain imported products, including watches, clocks, cigarettes, and various alcoholic beverages, which were higher than those levied on the like domestic product. The Government of Brazil recognized, after discussion by the contracting parties, that the discriminatory features of the tax should be removed and introduced legislation to accomplish this. The legislation was defeated, but the discrimination was removed in 1957 by the provisions of the new Brazilian customs tariff.

4. *German discrimination in licensing of coal imports.*—In June 1953, the German Government announced that licenses for the future importation of United States coal would be issued only if the coal was imported through third countries, with payment in European currencies. Moreover, importation was to be severely limited. When prolonged bilateral discussions with the German Government failed to lead to removal of the restrictions, the United States raised the ques-

tion at the 1954 GATT session. In the following year the German Government began freely to license imports of American coal.

5. *Chilean luxury tax on automobiles.*—In August 1956, Chile imposed a steeply progressive luxury tax on automobiles, with a particularly high rate on automobiles valued at more than \$1,500. Since American automobiles imported into Chile fall into this category, the tax tended to nullify the benefits of tariff concession granted to the United States by Chile. After bilateral discussions with the Chilean Government, the discriminatory elements of the tax were removed.

6. *Whisky exports to the United Kingdom.*—After World War II, the United Kingdom placed severe quantitative restrictions against imports of whisky from the United States. As the United Kingdom balance-of-payments position improved, however, the United States urged relaxation of whisky quotas. In November 1956, the United Kingdom Board of Trade placed all imports of whisky on open general license, allowing whisky to be freely imported from the United States.

7. *Discriminatory Haitian price regulations affecting United States cigarettes.*—A government tobacco monopoly in Haiti increased the retail price at which imported American cigarettes could be sold but did not increase the retail price at which domestically manufactured cigarettes could be sold. The resulting discrimination against American cigarettes might have decreased considerably the market for imported American cigarettes in that country. This Government, through the American Embassy at Port-au-Prince called to the attention of the Haitian Government the inconsistency of its action with paragraphs 1 and 4 of article III of GATT. The discrimination has since been ended.

8. *Cuban periodicals tax.*—Cuba levied a 9 percent sales tax on imported newspapers and magazines, exempting domestic newspapers and magazines from the tax. Attention was called by this Government through our Embassy to the inconsistency of this action with article III of GATT and as a result imported newspapers and magazines were also exempted from the tax.

9. *Cuban regulation on lard imports.*—Under a Cuban regulation which became effective on March 17, 1958, imports of lard were required to be accompanied by certain certificates issued by the country of export. Since there is no agency of the United States Government which could issue the type of certificate required, rigid enforcement of this regulation would have kept United States lard from entering Cuba, thus nullifying a GATT concession on lard granted to the United States by Cuba. The American Embassy in Habana made representations to the Cuban Government and, as a result, the Cuban Government agreed to accept the type of certificate customarily issued by the United States Department of Agriculture for lard shipments, on the understanding that certain additional information would be included and that the certificate would be certified by a Cuban consul in the United States.

10. *Discrimination against American petroleum interests.*—Denmark in late 1953 asked American petroleum companies in that country to purchase some of their petroleum requirements from Soviet bloc sources. The United States Embassy intervened to protest against this discrimination, and pointed out that the discrimination was not

warranted by Denmark's balance-of-payments position. Denmark dropped its request of the American oil companies.

TABLE I.—Changes in tariff levels and in United States exports to countries with which trade agreements are now in effect

Country	Tariff level ¹			United States exports (million dollars)		
	1937	1957	Percent change	1937	1953	1957 ²
Argentina ³	22.5	3.6	-84	94	104	282
Australia	29.5	9.6	-68	73	134	212
Austria	14.2	5.9	-58	3	60	68
Benelux and dependencies	(⁴)	4.3		245	631	1,137
Brazil	21.9	⁵ 4.0	-82	68	294	482
Burma	(⁴)	⁵ 24.7			7	8
Canada	13.0	⁵ 10.2	-22	491	2,941	3,905
Ceylon	21.5	⁵ 18.0	-16	2	7	13
Chile	25.0	⁶ 27.9	+11	24	98	195
Cuba	(⁴)	10.5		91	426	618
Denmark	6.4	⁵ 2.8	-56	17	39	88
Dominican Republic	(⁴)	30.2		6	48	74
El Salvador ³	39.7	22.7	-43	4	37	50
Finland	18.5	15.4	-16	12	22	34
France and dependencies	21.9	⁵ 5.9	-72	174	373	669
Germany	28.0	6.4	-77	123	355	954
Ghana	(⁴)	(⁴)		6	8	10
Greece	⁷ 21.1	⁵ 16.2	-23	6	50	86
Haiti	44.8	⁵ 35.2	-21	4	29	24
Honduras ³	28.8	⁹ 22.8	-22	5	36	42
Iceland ³	(⁴)	15.4		0	13	10
India (and Pakistan in 1937)	23.8	⁵ 17.7	-26	44	153	438
Pakistan	(⁴)	⁵ 23.0			99	115
Indonesia	(⁴)	⁵ 19.2			104	109
Iran ³	37.9	30.2	-20	5	22	83
Italy	11.5	⁵ 8.4	-27	76	286	661
Japan	(⁴)	⁵ 3.3		288	671	1,231
Malaya	(⁴)	(⁴)		9	31	43
New Zealand	16.0	⁵ 9.3	-42	24	31	54
Nicaragua	16.4	23.9	+46	3	26	39
Norway	12.1	⁹ 4.8	-60	22	65	85
Paraguay ³	¹⁰ 26.3	⁵ 15.5	-40	1	7	11
Peru	16.2	⁵ 10.7	-34	19	119	198
Rhodesia and Nyasaland		8.4			8	20
Sweden	8.9	⁹ 5.8	-27	64	102	230
Switzerland ³	16.1	5.9	-63	9	134	239
Turkey	33.0	⁵ 17.0	-49	15	65	139
Union of South Africa	12.4	⁹ 8.1	-35	88	207	285
United Kingdom and dependencies	4.1	2.3	-44	590	712	1,329
Uruguay	(⁴)	(⁴)		13	525	49
Venezuela ³	23.0	12.5	-46	46	513	1,050
United States	15.6	5.9	-62			

¹ Ratio of customs receipts to value of imports. Customs receipts do not include revenue taxes levied at substantially similar rates on equivalent domestic production.

² Preliminary.

³ Bilateral agreement.

⁴ Not available.

⁵ 1956.

⁶ 1953.

⁷ 1938-39.

⁸ 1954.

⁹ 1955.

¹⁰ 1941.

TABLE II.—*Examples of United States exports of products subject to trade agreement concessions*

The following statement presents specific examples of commodities on which the United States has obtained tariff concessions from foreign countries under the trade agreements program and in which United States exports to those countries have increased.

[In thousands of dollars]

	United States exports		
	1937	1953	1957
Argentina:			
Trucks and chassis.....	5,952	2,230	61,250
Office machinery.....	707	190	2,783
Unexposed movie film.....	124	183	262
Compressors (air or refrigeration).....	190	1,832	843
Due to dwindling foreign exchange reserves during 1956 and 1957, Argentina took steps to divert imports of many items away from dollar sources of origin. Continuation of this policy in 1958 is foreseen in view of the adverse balance of payments situation with the United States.			
Australia:			
Tobacco.....	7,509	21,153	30,664
Cotton.....	477	3,090	11,264
Sawmill products.....	1,045	4,022	7,559
Australian restrictions on imports from the dollar area are applied on an administrative licensing basis, and have remained substantially unchanged since 1947.			
Austria:¹			
Lemons.....			1,023
Metalworking machines.....	42	13	1,264
Calculating machines.....	59	128	196
Bookkeeping machines.....	49	98	248
40 percent of Austrian dollar imports have been liberalized.			
Benelux:¹			
Oranges.....	² 5	7,739	15,827
Prunes.....	² 801	1,014	1,341
Carbon black.....	² 353	1,320	2,121
Typewriters and parts.....	² 1,844	24,211	37,759
Civilian airplanes.....	² 16,062	19,454	32,684
87 percent of Benelux dollar imports have been liberalized. In practice licenses for nonliberalized commodities are issued freely.			
Brazil: In accordance with a waiver granted by the contracting parties to the General Agreement on Tariffs and Trade, all tariff concessions made by Brazil to the other contracting parties were suspended as of Aug. 14, 1957, with the enactment of the new Brazilian tariff law, pending renegotiation of concessions. Quantitative restrictions are not used by Brazil to control imports. Availability of foreign exchange for imports is, however, controlled within the foreign exchange budget which is based on expected foreign exchange earnings. Weekly allocations of exchange are divided into 2 categories, 1 amount for specified essential imports such as petroleum, newsprint, etc., and another amount for nonpreferential imports.			
Burma:			
Condensed milk.....			1,263
Tractors and parts.....	³ 35	321	623
Chemical specialties.....	³ 8	268	527
Although Burma has found it necessary to restrict dollar licensing for private trade to only a few commercial items, there have been substantial imports on Government account of commodities for which Burma has given GATT trade concessions.			
Canada:			
Electrical machinery and apparatus.....	17,800	218,200	246,300
Iron and steel mill products.....	35,400	167,900	312,800
Industrial machinery.....	39,900	407,400	647,200
Cotton manufactures.....	6,900	65,700	71,100
Chemicals and related products.....	23,100	188,000	246,100
There are no restrictions on imports into Canada except for a few special cases such as certain agricultural products, butter substitutes, secondhand aircraft, etc.			
Ceylon:			
Tractors and parts.....		449	1,445
Tobacco.....	302	850	926
Synthetic broad woven fabrics.....		98	493
Malted milk.....	11	343	415
Industrial lubricating oils.....	84	221	512
In 1956 Ceylon considerably relaxed its import restrictions to permit increased imports from the United States. Many of the more essential items, such as agricultural machinery, drugs, typewriters, electrical machinery, etc., may be freely imported.			

See footnotes at end of table, p. 101.

TABLE II.—*Examples of United States exports of products subject to trade agreement concessions—Continued*

[In thousands of dollars]

	United States exports		
	1937	1953	1957
Chile:			
Typewriters.....	157	236	679
Other office appliances.....	113	328	1,928
Textile machinery.....	112	976	1,621
Tractors.....	240	4,493	3,127
Construction, excavating, mining, and related machinery.....	1,184	10,260	22,872
Due to balance-of-payments difficulties, Chile has resorted in recent years to increased import surcharges to reduce imports.			
Cuba:			
Automobiles, trucks, buses, trailers, and parts.....	5,500	28,308	52,819
Lube oils.....	684	944	4,554
Rice.....	4,313	58,817	40,070
Wheat flour.....	6,361	8,502	9,164
Petroleum.....	1,379	8,145	11,897
Cuba does not maintain a general control over its import trade. Import permits are required on about 8 commodities. However, this imposition of license requirements was for administrative reasons and has had a negligible effect on Cuba's total imports from the United States.			
Denmark: 1			
Canned fruit.....	2	15	465
Business machines.....	83	312	4594
Refrigerators.....	7	4	461
66 percent of Danish dollar imports have been liberalized.			
Dominican Republic:			
Oatmeal, groats and rolled oats.....	40	152	210
Wheat flour.....	15	90	113
Fresh fruit.....	24	174	174
Canned peaches and pears.....	4	16	26
Tires and tubes.....	89	466	1,343
The Dominican Republic does not have exchange control and requires import licenses excepting on wheat and wheat flour, rice, fertilizers, radio transmission apparatus, and firearms. These controls are not designed to restrict imports.			
El Salvador:			
Tires and tubes.....	77	285	888
Canned asparagus, peas, corn, and tomatoes.....	7	82	150
Canned pork.....	5	40	69
Phonograph records.....	7	58	95
El Salvador has almost no quantitative restrictions on imports.			
Finland: 1			
Industrial trucks and truck trailers.....	30	432	1,317
Motion pictures.....	79	159	201
Calculating machines and cash registers.....	220	171	456
Finnish imports from the United States are subject to license. However, automatic licensing is accorded to a substantial number of goods (46 percent of all dollar items by unofficial Finnish estimates).			
France:			
Machine tools.....	3,621	26,056	30,068
Carbon black.....	1,337	5,949	7,043
All imports into France are subject to license. Balance of payments difficulties and internal considerations such as the effect on price levels are reflected in the administrative case-to-case decisions.			
Germany:			
Fruit and vegetable juices.....	3	837	4,236
Airplanes and parts.....	129		63,930
Trucks and passenger cars.....	236	313	1,514
Plastic condensation products.....	40	467	1,707
Cranes and fork-stacking machines.....	3	347	1,698
Tires and tubes.....	162	5	583
94 percent of German dollar imports have been liberalized.			
Ghana: Ghana was too recently formed as an autonomous state to demonstrate trade developments over a period of years. Imports into Ghana from the dollar area require an import license which must be justified by nonavailability in the sterling area and essentiality to the economy.			
Greece: 1			
Cheese.....		450	1,898
Powdered milk.....	1	115	889
Mineral oil and greases.....	6	1,538	1,624
Office machines.....	11	104	278
Patent medicines.....	14	292	606
Tires.....	229	1,267	1,854
More than 95 percent of Greece's trade has been freed from restrictions. Only a few luxury items and certain machines remain subject to import licensing.			

See footnotes at end of table, p. 101.

TABLE II.—*Examples of United States exports of products subject to trade agreement concessions—Continued*

[In thousands of dollars]

	United States exports		
	1937	1953	1957
Haiti:			
Tires and tubes.....	52	266	243
Surgical dressings.....	11	73	69
Passenger cars.....	122	949	380
The low level of trade in 1957 was due to bad weather and serious political instability. There is no system of exchange controls in Haiti, and goods are not subject to import quotas. Import licenses are required only for a few items such as tobacco, firearms and ammunition.			
Honduras:			
Passenger cars, trucks and buses.....	93	2,722	3,012
Wheat flour.....	75	736	669
Canned fruit.....	7	32	51
Canned tomatoes, corn, peas, and asparagus.....	17	94	190
Canned meat.....	10	70	124
Cotton shirts.....	9	83	125
Cotton and jute bags.....	51	201	269
Honduras has no restrictions on imports.			
Iceland:¹			
Lubricating oil.....	3	543	⁴ 599
Typewriters.....	2	16	⁴ 20
Oat grits.....		14	⁴ 8
Soybean oil.....		99	⁴ 68
Foreign exchange licenses are required for all imports and are presently granted sparingly due to low export earnings.			
India and Pakistan:			
Nonfat dry milk solids.....		449	11
Tobacco.....	1,580	2,869	5,295
Industrial lubricating oils.....	3,838	4,776	8,369
Air conditioning and refrigerating machinery.....	273	1,547	3,638
Tractors and parts.....	208	6,089	9,303
All imports into India are subject to quota limitations. In general, while India's policy has become more restrictive, discrimination against dollar goods in favor of soft-currency imports is being reduced.			
All private imports into Pakistan are subject to license. At present licenses are granted very sparingly.			
Indonesia:¹			
Tobacco.....	525	9,541	⁴ 10,142
Tires and tubes.....	92	420	⁴ 2,226
Internal combustion engines.....	363	5,771	⁴ 5,250
Motor buses and trucks.....	14	6,074	⁴ 9,303
Wheat flour.....	6	3,248	⁴ 4,685
No quantitative restrictions as such are maintained by Indonesia. However, all private imports are subject to prior licensing and at present licenses are severely curtailed.			
Iran:			
Lube oils and greases.....	25	164	1,566
Tires and tubes.....	655	2,610	8,812
Automobiles, buses, chassis, and parts.....	2,962	3,243	17,696
Pumps.....	54	189	536
Refrigeration and air-conditioning equipment.....	1	230	1,273
Tractors.....	12	467	3,241
For the last several years United States exports to Iran have been virtually unrestricted. An absolute prohibition which Iran maintains on a few items does not affect American trade.			
Italy:¹			
Dried prunes.....	³ 37	209	302
Lube oils.....	³ 2,068	6,787	6,323
Millstones, grindstones, etc.....	³ 60	154	275
Certain pumps and compressors.....	³ 83	601	3,316
Air conditioning equipment.....	(⁵)	439	741
Punchcard machines.....		928	1,283
Italian dollar liberalization now amounts to about 71 percent in terms of imports from the United States in 1953. The license-free items account for about 80 percent of the value of our current exports to Italy.			
Japan:			
Card-punching machines.....	27	780	3,412
Raw cotton.....	61,724	114,698	215,794
Cash registers.....	34	30	1,391
Grinding machines.....	2,157	1,013	4,256
Antiknock compounds.....	(⁵)	3,063	4,182
All imports into Japan are subject to license. A complicated system of administration of the import controls makes it difficult to determine whether progress is being made toward liberalization. It seems probable that steps in this direction in 1955 and early 1956 were checked by the severe balance-of-payments deficit which developed in late 1956 and 1957.			

See footnotes at end of table, p. 101.

TABLE II.—*Examples of United States exports of products subject to trade agreement concessions—Continued*

[In thousands of dollars]

	United States exports		
	1937	1953	1957
Malaya: The Federation is too newly established to show developing trade trends over the years. Import licenses are required for all products but many are on open general license. Discrimination against hard currency imports has relaxed very gradually over the years. A legal channel of import through Hong Kong at a premium of 5 to 15 percent affords opportunity for free import from the dollar area.			
New Zealand:			
Tobacco.....	1, 182	4, 630	5, 003
Woodworking machinery.....	59	224	661
Office machinery and parts.....	347	723	825
Tractors and parts.....	2, 238	4, 631	6, 233
Books and printed matter.....	297	340	687
From 1951 to 1957 import controls in New Zealand were gradually liberalized from the previous tight position resulting from balance of payments difficulties. However, renewed deterioration of the payments position resulted in a new import licensing schedule on Jan. 1, 1958 which generally intensified important restrictions.			
Nicaragua:			
Wheat flour.....	235	733	1, 085
Paints, varnishes, and lacquers.....	33	417	431
Batteries.....	19	273	284
Evaporated and condensed milk.....	10	57	67
Quantitative import restrictions in Nicaragua are negligible. However, all imports are subject to import permits which are freely granted provided deposit requirements, where applicable, are met. Deposits, ranging from no deposit (essential items) to 100 percent of c. i. f. value (nonessentials) are required prior to issuance of the import permit.			
Norway: ¹			
Dried fruit.....	498	2, 013	2, 697
Tractors.....	116	1, 635	1, 904
86 percent of all imports (based on 1953 imports) from the dollar area have been liberalized.			
Paraguay:			
Passenger autos and buses.....	218	1, 674	1, 565
Automotive tractors and parts.....	0	370	632
Typewriters and parts.....	12	43	46
Coin counters, cash registers, calculating and bookkeeping machines.....	5	67	62
In August of 1957 Paraguay abandoned its complicated multiple foreign exchange rate system and established a free import and export market. Trade is now carried on without restriction of any kind.			
Peru:			
Automobiles, trucks, buses, and parts.....	3, 319	18, 772	30, 987
Tinplate.....	500	1, 221	2, 450
Iron and steel pipe.....	400	2, 762	3, 829
Sawmill products.....	1, 007	2, 134	3, 633
Textile machinery and parts.....	67	926	1, 078
Pneumatic portable tools.....	15	17	113
There are no restrictions on imports into Peru except a quota limitation on automobiles.			
Rhodesia and Nyasaland: The Federation has not been in existence long enough to demonstrate marked trends in United States trade. All imports from the United States are subject to license. A few commodities such as wheat and automobiles are subject to quota restrictions. Imports of another long list of items, mainly luxury goods, are prohibited. All other items are on open general license and licenses are automatically granted.			
Sweden: ¹			
Canned fruit and juices.....	125	422	4 4, 268
Passenger cars and parts.....	8, 758	11, 501	4 19, 908
Lube oils.....	1, 183	1, 822	4 5, 494
Dried fruits.....	1, 757	2, 331	4 4, 674
70 percent of dollar imports enter Sweden without license.			
Switzerland:			
Canned shrimp.....		33	55
Chewing gum.....	6	128	209
With a few exceptions, all Swiss imports from all countries are free of restriction. There is no discrimination against the United States in granting licenses for the few restricted groups.			
Turkey:			
Tractors.....	140	1, 311	1, 388
Industrial machinery.....	808	16, 805	28, 397
Lub oils.....	331	2, 360	3, 401
All imports from all sources are subject to license and exchange controls, which are presently applied on a very restrictive basis.			

See footnotes at end of table, p. 101.

TABLE II.—*Examples of United States exports of products subject to trade agreement concessions—Continued*

[In thousands of dollars]

	United States exports		
	1937	1953	1957
Union of South Africa:			
Industrial sewing machines and parts.....	73	615	910
Air compressors.....	412	677	1,307
Insecticide sprayers.....	45	127	147
Safety razor blades.....	4	4	75
Welding torch sets and parts.....	84	107	151
Since 1949 a system of import controls has limited imports into the Union of South Africa. For balance of payments reasons, dollar imports were restricted in favor of sterling imports but beginning in 1954 currency discrimination was abolished and a policy of "selective relaxation of import controls" was introduced.			
United Kingdom:			
Wheat.....	6,939	29,436	48,815
Soybeans.....	19	3,076	9,635
Hose, artificial silk.....	4	124	208
Aircraft and parts.....	1,729	-----	14,768
Bookbinding machinery.....	157	387	980
Over 50 percent of United Kingdom imports from the dollar area have been liberalized.			
Uruguay:			
Tobacco.....	114	1,594	2,999
Combines and harvesters.....	217	529	597
Refrigeration equipment.....	219	445	462
Automobiles, buses, trucks, and parts.....	3,415	4,371	6,482
Tractors.....	493	1,556	1,730
Uruguay has had increasing balance of payments difficulties which in August of 1957 closed the foreign exchange market for several weeks. In November the Bank of the Republic announced that dollar exchange could be made available only for essential imports not obtainable in soft currency areas. Priority treatment is given imports from soft currency areas with which Uruguay has bilateral trade and/or payments agreements in effect, and with which it has favorable trade balances.			
Venezuela:			
Wheat flour.....	1,579	9,168	12,143
Copper wire.....	296	2,694	4,623
Cigarettes.....	105	5,412	9,682
Automobiles, trucks, buses, and trailers.....	7,872	66,499	112,146
Electric refrigerators, household.....	408	4,533	7,825
Office machines and parts.....	386	2,660	3,120
Venezuela imposes few quantitative restrictions on or prohibition of imports of industrial products. Total or partial exemption from duties is granted on many items which go toward development of industrial and mining capacity. A few agricultural items are subject to license and quota restrictions.			

¹ Trade data shown for this country are imports into the country rather than United States exports.² Data for 1948.³ Data for 1938.⁴ Data for 1956.⁵ Not available.

APPENDIX B—SUPPORT OF AN EXTENSION OF THE TRADE AGREEMENTS ACT

THE EXECUTIVE DEPARTMENT'S TESTIMONY

The President expressed his desire for a renewal of his authority under the Trade Agreements Act in his message to the Congress of January 30 of this year. In it he said:

"I request the Congress to enact legislation that will permit a continuation of the reciprocal trade agreements program on an effective basis for a minimum of 5 additional years past June 30, 1958.

"The enactment of this legislation—unweakened by amendments of a kind that would impair its effectiveness—is essential to our

national economic interest, to our security, and to our foreign relations.

"The high importance of trade to our economy is evident. The income of our people arising from export trade alone approximates or exceeds that arising from many major segments of our economy. The development of a healthy export trade has created a significant number of jobs for our working men and women. Imports furnish our industries with essential raw materials and the benefits of technological advances, add to the variety of goods available to our consumers, and also create jobs for our workers. Moreover, important geographical areas within our country, as well as many of our key industries in both manufacturing and agriculture, look to expanding world trade as an essential ingredient of their future prosperity.

"Reciprocal trade agreements negotiated since the advent of the Trade Agreements Act have helped bring a more vigorous, dynamic growth to our American economy. Our own economic self-interest, therefore, demands a continuation of the trade agreements program. Under this program sound two-way trade can be further developed to assure to our industries widening opportunities for participation in world markets, and to provide foreign nations the opportunity to earn the dollars to pay for the goods we sell. We can either receive the benefits of the reciprocal lowering of trade barriers or suffer the inevitable alternative of increasingly high barriers against our own commerce which would weaken our economy and jeopardize American jobs."

Seven of the executive departments were represented before the committee in the public hearings by officials who unqualifiedly supported passage of the Trade Agreements Extension Act.

The Secretary of State, Hon. John Foster Dulles, stressed the importance of the bill as a means of making the United States more secure against external danger in these words:

"Since the close of World War II, the United States has, by treaties or joint congressional resolutions, proclaimed, as regards nearly 50 nations, that the peace and security of the United States would be endangered if these other nations were to fall into the clutches of Communist imperialism. But the Communists are not going to keep 'hands off' merely because of bold treaty words or resounding congressional proclamations. The Russian and Chinese Communists are tough. Our words will command respect only if we are seen to be ready to back them up.

"If we are to avoid the grim alternatives of war or surrender, we must have the national policies and actions represented by our mutual security program and by the Trade Agreements Act.

"With these measures, the United States and its allies *can* peacefully win the cold war. President Eisenhower said last December in Paris: 'There is a noble strategy of victory—not victory over any peoples, but victory for all peoples.' The policies of the free world over recent years have been winning policies, and clearly so.

"Armed aggression has been deterred, and the free world has cooperated successfully to resist Communist subversion.

"In Eastern Europe, outbreaks in East Germany, Poland, and Hungary have shown the discontent of the captive peoples and their longing to become again free and self-respecting nations.

"Within the Soviet Union itself there have been sensational political changes over the past 5 years which represent not merely personal struggles for power but a conflict of policies related to the growing desire of the people for more intellectual freedom, more personal security, and better living conditions.

"It is by no means visionary to foresee the time when nations and peoples now being exploited by international communism for external adventures and world conquest, will have governments genuinely dedicated to promoting the welfare of their own people. Then indeed the international scene will be transformed.

"However, this result will not be achieved unless the free world nations stand firm on the policies that create a unity which nullifies both the military and the political-economic threats which now stem from Communist imperialism.

"The imperialist leaders have, or believe they have, one asset on their side—that is the tendency of the democracies to get tired and not to be willing to persist in the efforts that are required to sustain free world unity and strength. If that unity ever collapses, then the Communists could feel that victory was within their grasp.

"The essential is that we hold fast to policies which have demonstrated their worth and which if persisted in will assure that the ultimate victory will be that of the people, not of the despots.

* * * * *

"As other witnesses have testified, there is developing a new situation in Europe as a result of the common market treaty which will create a common market without trade barriers as between six countries of Western Europe. It remains to be seen whether those responsible for the common market will adopt liberal trade policies or protectionist policies as regards others. The decisive period in this respect is from now through 1962. Much will depend upon the example of the United States and the bargaining power of the United States. This is a particular reason for extending the act for 5 years and strengthening it as requested by the President.

"George Washington gives pertinent advice in his Farewell Address. He counsels that our national policies should be formulated, not on a basis of sectionalism, but on the basis of overall national interest. 'Every portion of our country,' he says, 'finds the most commanding motives for carefully guarding and preserving the union of the whole.' And that union, he adds, should be 'directed by an indissoluble community of interest, as *one nation*' [*italics his*].

"Almost every national policy hurts some and benefits others. The form of our taxation; the nature of our defense purchases; the location of government operations—all of these and other national policies inevitably tip the scales of competition. Often, and certainly in the field of trade, those few who may be hurt are more vocal than the many who may gain. I do not complain that those who may be hurt are vocal. That is their right. But the Congress has a duty. The determining factor should, as George Washington said, be the 'guarding and preserving of the union of the whole'.

"The Trade Agreements Act stands as a worldwide symbol of enlightened statemanship. Failure to renew and strengthen that act as the President has requested would set back the clock and endanger

our Republic and each and every person in it. That is the paramount consideration."

The Deputy Under Secretary of State for Economic Affairs, Hon. C. Douglas Dillon, appeared to present additional information in support of the President's proposal for a 5-year extension of the Trade Agreements Act.

"During the first year, from June 1958 to June 1959, we would seek the agreement of the Common Market countries and of other GATT countries to hold a general round of tariff negotiations which would include reciprocal tariff concessions by the Common Market countries below the level of the common tariff which would otherwise prevail. It would not be possible to reach international agreement to hold such negotiations unless the other governments concerned were sure that the United States possessed adequate bargaining power for the full period required for negotiation.

"During the second year, we would receive the completed proposed common tariff—that is to say the target tariff to which I have already referred—and undertake our analysis of it so as to be sure that it met the requirements of the GATT and so as to determine what concessions we would want to request in order to best preserve our export markets. During the latter part of this period, that is to say during the first half of 1960, we would begin our final preparations for negotiations, including the issuance of a public notice of intention to negotiate and the holding of public hearings on the items on which we might be prepared to grant concessions.

"During the first part of the third year, that is, between June 1960 and January 1961, we would complete our own preparations, and lists of requests for concessions would be exchanged among all participating countries with a view toward starting active negotiations by January 1961, if at all possible. This would be a very tight schedule to meet but every effort must be made to complete negotiations prior to the entry into force of the first tariff adjustments toward the new Common Market tariff on January 1, 1962. Previous general tariff negotiations at Geneva in 1947 and at Torquay in 1951 took 7 months to complete. In view of the complexity of the negotiations with the Common Market in which every concession granted by the Common Market will require prior agreement among the 6 governments concerned we must count on at least 1 full year of negotiations.

"Thus, allowing no time whatsoever for slippage, the earliest possible date for completion of these negotiations will be January 1, 1962, a full 3½ years from the expiration of the present act. A far more realistic date would be June 30, 1962. We are asking for a fifth year to June 30, 1963, in order to provide a safe margin for the delays that will inevitably arise during the course of the negotiations.

"For these reasons, Mr. Chairman, it is the firm conviction of the Department of State that an extension of this legislation for a full 5 years is necessary if tariff negotiations are to be conducted with the European Economic Community, thereby advancing American economic interests and those of the free world as a whole."

The Under Secretary of the Treasury for Monetary Affairs, Hon. Julian B. Baird, stated his view of the importance of this bill in these words:

"We in the Treasury are especially concerned with the trade agreements program's importance to the maintenance of a healthy and ex-

panding domestic economy. We have, of course, a special interest in our domestic economy for the very practical reason that this is the source of the tax revenues with which the Treasury pays the Government's bills.

"Our foreign trade is an essential source of our economic strength. It has contributed significantly to production and employment in many of our industries. It has frequently exerted a stabilizing effect on domestic production and employment when demands at home have been declining.

"We are one of the world's great trading nations. Twenty years ago, when the trade agreements program was getting underway, our exports comprised about 14 percent of the world's total. Today, our exports have grown to more than 20 percent of the world total. In 1957 our exports amounted to about \$19½ billion, which is an increase of almost 60 percent in value and is about half again as large in physical volume, as compared with the corresponding figures for 1953.

"The sustaining role of our foreign trade in the growth of our domestic economy is revealed in the way it has matched the spectacular growth in our domestic production and employment. There have been notable achievements in the growth of our gross national product over the past decade, and our foreign trade has consistently expanded at a comparable rate. Approximately 3 million of our workers are now employed, directly or indirectly, in producing goods for export and transporting them to foreign markets. More than 9 percent of the movable goods we produced in 1956 was sold abroad. For agriculture, our foreign sales represented in the fiscal year 1957 between 12 and 13 percent of our total agricultural output. * * *

"As the pace of expansion in domestic demand eased off during the past year, the export sales of some commodities continued at a high level. For instance, higher exports of machine tools and metalworking machinery provided a major support to production during the first half of 1957 as shipments to domestic customers declined sharply; during the first 9 months of 1957, cotton, cattle, hides, bituminous and anthracite coal, and iron and steel scrap were exported in larger quantities than during a comparable period in the previous year, while domestic demands were declining.

"It is plain, therefore, that foreign trade is exerting an important sustaining and stabilizing effect on production and employment in this country.

"Should the markets for our exports decline, this shrinkage would be felt not only by those primarily involved but also by secondary industries, retail trade, and service activities in the community."

The Secretary of Agriculture, Hon. Ezra Taft Benson, emphasized the direct benefits to American agriculture stemming from the trade agreements program:

"American agriculture has a vital interest in foreign trade and in policies affecting that trade. Three years ago when I appeared before this committee, I was able to say that the slump in agricultural exports had been reversed and that our agricultural exports for the full calendar year 1954 were approximately \$3 billion. Today I am happy to report exports of American farm products for the fiscal year 1957 were \$4.7 billion. This represents an increase of about 50 percent in value and 60 percent in volume over 1954.

"The United States is the world's largest exporter of farm products. As such, the output of 60 million acres—1 acre of 5 harvested in 1956—moved abroad. Although some of our farmers were more directly dependent on exports than others, all farmers have a direct stake in exports. Acres are competitive, no matter where in the United States they are producing. Any loss in foreign outlets forces producers of the export crops to switch to production for the home market, in direct competition with other farm production already geared to the home market. The fact that production from 1 acre in 5 moves abroad takes considerable pressure off the domestic market and helps to strengthen farm prices generally.

"Foreign markets provide an outlet for about one-tenth of our total agricultural production. They are especially important for such problem crops as wheat, cotton, and tobacco, particularly flue-cured types.

"In the most recent marketing year, for example, foreign markets absorbed the equivalent of over half the wheat, cotton, and rice crops; over one-third of the soybean production; one-fourth of the tobacco; almost one-half of the tallow; and one-fifth of the lard production. The United States supplied one-fifth of the world fresh citrus trade; one-tenth of the world fresh deciduous trade; more than one-third of the world canned deciduous fruit trade; and about one-fourth of the world dried fruit trade. This represents a total of \$230 million worth of fruit exported, which equaled about one-tenth of United States production.

"Finally, exports of American farm products help to bring about a better balance between domestic production and markets. In fiscal year 1957, the Commodity Credit Corporation investment was reduced by almost \$1 billion. Over 70 percent of CCC stocks that moved were exported.

"Agricultural exports benefit a wide sector of the United States economy. It is evident that agricultural exports are big business. The total movement for fiscal 1957 required financing, inland transportation, storage, and ocean transportation for 36 million tons of cargo—enough farm products to fill 800,000 freight cars and 3,600 cargo ships. In moving the total, an average of 10 ships a day weighed anchor.

"It is recognized that the record level of exports in fiscal 1957 resulted in large part from special Government programs. But dollar exports were the second highest in history, totaling \$2.8 billion. This figure includes sales for dollars which were aided by subsidy, as in the case of wheat and cotton.

"Our aim is to expand dollar trade in the future. We believe our dollar exports could reach \$4¼ billion in 1965. This projection is based on a continued expansion of the world economy. The trade-agreement program is an important element in achieving this high level of agricultural exports for dollars."

The Secretary of Defense, Hon. Neil McElroy, described the direct relationship between the extension of the trade agreements legislation and our future military power:

"The free world today is truly engaged in a new kind of war. 'Cold' war does not exactly describe it because weapons are being used and heat is being generated. The weapons are economic, psychological, and political. We have little choice concerning whether we fight this war or not; we are in it. It is of vital importance that we

not only hold our own with these nonmilitary weapons but also make gains, for two reasons: first, if we use the economic, psychological, and political weapons effectively the chances of ever having to use military weapons are diminished; secondly, if we do have to defend ourselves militarily, our position will be measurably stronger.

"Foreign trade strengthens our own economy; it is *essential* to the economy of most other nations. If stable, strong allies are important to us—and we firmly believe they are—then international trade is important to us. And international trade must be a two-way street. Such trade provides the best way we have to strengthen our allies and our relations with them on the long-term basis. It is just as important in this respect as any military agreements which we have worked out with them. Military agreements alone will not maintain friendship between peoples and nations."

The Secretary of Commerce, Hon. Sinclair Weeks, transmitted to the Congress the President's proposal to extend the Trade Agreements Act and appeared twice before the committee to express strong support for the bill:

"It has been charged that the reciprocal trade agreements program has in fact not been reciprocal; that we have reduced our duties without receiving in return equivalent reductions from our trading partners. The facts do not bear out this assertion. We have obtained direct tariff concessions from foreign countries on a wide range of commodities.

"By the best estimates we have been able to make, we have obtained concessions from other countries—that is, duty reductions or bindings—on some \$7 billion of United States exports, of which at least half would be exports of goods that pay duty in the importing country. For our part, we have granted concessions on about \$7 billion also, but about three-fifths of this amount has consisted of binding rates for goods which already entered our market duty free.

"Trade figures, of course, do not tell the entire story. Let us look at changes in the tariff levels of some of our principal trading partners during the period covered by the program.

"The average ad valorem duty rate on Western Germany's imports, for example, was less than 8 percent in 1956. This contrasts sharply with the level in prewar Germany—28 percent in 1937. Over approximately the same interval, corresponding data for France show a decline from 17 percent to 6 percent, and the average rate on Italian imports fell from 12 percent to 8 percent.

"For the United Kingdom, the statistical picture is somewhat obscured by the high British revenue duties on such items as liquor and tobacco. These levies, which are essentially consumption taxes, have been increased since the beginning of World War II. Exclusive of the revenue duties, however, the average British tariff rate has been reduced from 4 percent in fiscal 1938 to 2 percent in fiscal 1956.

"Belgium and Sweden already had comparatively low tariffs before the war. Nevertheless, these also have been significantly reduced—from 9 percent in 1937 to 5½ percent in 1956 in the case of Sweden, and from 6 percent to 4 percent for Belgium-Luxembourg" * * *.

"In my previous appearance before this committee I conveyed to you my conviction that the proposed legislation will make jobs and

protect jobs—the jobs of 41½ million American workers whose livelihood is provided by world trade.

“I described the vast size and great importance of our trade, with our 1957 exports of almost \$19½ billion, exclusive of military aid, and our imports in that year of \$13 billion. I told you why I believe the program is truly a reciprocal one, and described how it has helped break down restrictions abroad on the importation of United States goods.

“I related the important part played by the program in the favorable development of our trade, and spelled out why I believe the program and the proposed legislation contain adequate safeguards against injury to American industry, workers, and agriculture. I described the ways in which the legislation will promote our exchanges with Europe during the important period when the common market is being established.

“In addition, I told you how important I consider it that the President retain his full discretionary powers in these matters, and how vital the program is to a successful countering of the Soviet economic offensive.

“If testimony in the weeks between my original statement and my appearance here today had led me to change my mind on any of these points, I would tell you so frankly. But this is not the case. Having heard and considered the full arguments of those opposed to the program, I am all the more confirmed in my original views.

“Earlier in my statement I said that if I did not sincerely believe this program good for the country and its economic welfare, I should not be here advocating it.

“Tariffs and their effect are not new to me. I have lived with them most of my life. In fact, for a number of years I was president of the Home Market Club—a protectionist organization—which later drifted into the American Tariff League.

“Mr. Chairman, I want you and the committee members to understand that I do not quarrel with the protectionist or the free trader. In this historic controversy—almost as old as the country itself—there is a place for both, but the place for the country is the moderate, middle-of-the-road approach.

“It is trite to say that the world has changed in the last 25 years. Today it bears almost no resemblance to the world in which we lived in the early thirties. I have looked over this legislation carefully. I have tried to focus on the changed conditions which confront us today. I am sold on the idea that this method of trading is the sound method in the world of 1958 and that its operation will inure to the great benefit of the people of these United States.”

The Under Secretary of the Interior, Hon. Hatfield Chilson, testified in favor of an extension of the Trade Agreements Act:

“The Secretary of Commerce, in his testimony before this committee, pointed out that the export trade of the United States has been growing each year, reaching a total of \$19½ billion last year.

“Part of this total is made up of exports of raw materials. For example, coal from the Appalachian area, has fired the steel mills of the European Coal and Steel Community; sulfur from Louisiana, molybdenum from Colorado, phosphate rock from Florida, Texas and Idaho, all go to the corners of the earth.

"The major exports of the United States, however, are manufactured products. Expanded trade therefore is reflected less in the growth of exports of raw materials than in the increase of the exports of manufactured goods carrying with them the products of our mines and the skill and work of our artisans.

"There are of course some problems which result from the expansion of international trade. Sometimes these are problems of scarcity, sometimes problems of surpluses." * * *

"Those people who argue that United States foreign economic policies, especially the Trade Agreements Act, are crippling our domestic minerals producing industries, point to increased imports and declining domestic output of iron ore, copper, mercury, lead, zinc, and other metals and minerals.

"Such arguments do not take into account that many of these problems are due to the past years in which we experienced a rapid expansion of demand, followed by the stimulation of increased productive capacity, and then a decline in demand. It is difficult, of course, to expect tariff schedules, even with constant adjustments, to stabilize the domestic price in the face of changing economic conditions and marked fluctuations in supply and demand.

"Until recently the Lake Superior region supplied most of our needs for iron ore. In the hills of northern Minnesota were fabulous deposits of high-grade ore. For many years these supplies were thought to be unlimited, but time proved otherwise.

"These high-grade direct shipping ores now supply each year a smaller proportion of our needs.

"We, of course, are utilizing the low-grade ores, but these are being increasingly supplemented by high-grade ores from foreign sources. By 1965 it is estimated that a third of our iron ore will be imported—approximately one-sixth from Canada, and another sixth from other parts of the world." * * *

"The point is that the proposed legislation preserves and advances the principle of reciprocal trade negotiations while embodying every reasonable means of working out a solution of the problems of any individual domestic industry which believes it is adversely affected by imports. Thus, the means are there; it remains to determine the right course of action and that can be done only by carefully considering the facts pertinent to each case in the light of the overall public good."

The Secretary of Labor, Hon. James P. Mitchell, discussed those aspects of the reciprocal-trade-agreements program which directly concern the welfare of the American people:

"One indisputable fact emerges from any consideration of the foreign commerce of this Nation—foreign trade generates employment.

"In the Department of Labor, we have estimated that the jobs of about 4½ million workers are attributable to the activity created by foreign trade. This is about 1 in every 14 workers in the United States. These 4½ million workers include 4 major groups. By far the largest of these 4 is the group composed of 2½ million nonagricultural workers in the factories producing goods for export and in the clerical, manual, transportation, and communication activities associated with the actual shipment and exporting. Agricultural exports account for

the employment of approximately an additional 600,000 agricultural workers.

"In addition, imports of foreign-produced goods generate employment opportunities in the United States. These employment opportunities come about in the first instance because imported goods must be transported and distributed within the United States, either to distributors or to industrial enterprises which process the imported materials. Over 500,000 workers in the United States are engaged in jobs in this transportation and distribution process. Then, there are about 850,000 workers who are employed in the "first factory processing" of imported materials. This includes such activities as roasting and grinding coffee or making alumina from imported bauxite.

"The four groups I have described into two components that make up the total of 4.5 million workers whose jobs are attributable to foreign trade. Importation of goods from foreign countries provides jobs for a total of almost 1,400,000 American workers, while approximately 3,100,000 are involved in our export industries and agriculture. * * *

"I know the committee is interested in the relationship of our present unemployment to foreign trade. The Department of Labor has made an analysis of the situation in the industries which have had to greatest employment declines in recent months.

"Manufacturing production and employment declined between late 1956 and late 1957. The greatest portion of this decline took place in the durable-goods industries. During the same period, however, exports of manufactured goods increased. For example, in the electrical machinery manufacturing industry exports for this period were up by 15 percent, in the rest of the machinery industry by 16 percent, in transportation equipment by 5 percent, and in lumber and wood products by 7 percent.

"Thus, it appears that exports helped to cushion the declines in employment in the very industries which have experienced the largest drops in production and employment. An extension of this act would have a beneficial effect to the degree that the conclusion of new trading arrangements over the next 5 years would, in the long run, create more opportunities for the exportation of American goods and services.

"In this connection, I am sure we all agree that our economy must continue to expand. Our eyes should be set on this goal of expansion, and I believe expanding world trade will contribute to it significantly."

NATIONAL BUSINESS, INDUSTRY AND LABOR ORGANIZATIONS

Many national and regional business and industrial organizations, as well as trade associations and the AFL-CIO testified in support of an effective extension of the Trade Agreements Act. Typical was the statement of A. B. Sparboe, vice president of Pillsbury Mills, Inc., Minneapolis, who testified on behalf of the *United States Chamber of Commerce*, as follows:

"The Chamber of Commerce of the United States is a national federation of over 3,300 trade and professional associations and State and local chambers, with an underlying membership of 2,500,000 businessmen, and over 21,000 direct business members.

"The chamber membership has supported the reciprocal trade agreements program for the past 24 years.

"It is with sincere regard for the diverse and sometimes conflicting interests of our membership that we have sought a common denominator to serve as the basis of our recommendations.

"This common denominator is the 'national interest.'

"The concept of the national interest in trade policy must start with the principle that the objective is to strengthen the national economy. Beyond that, the national interest must be concerned with the relations of trade to the defense and security of the United States, including its effect on foreign relations.

"The legislation before you (H. R. 10368 and other identical bills) would renew the Reciprocal Trade Agreements Act with certain changes. The national chamber makes the following recommendations:

"1. That the act be extended for 5 years. This is essential for consistent adherence to a policy of expanding world trade.

"2. That the President be granted authority to lower tariffs on a gradual and selective basis in return for trade benefits from other countries."

The *American Federation of Labor and Congress of Industrial Organizations* voiced support of the Trade Agreements Extension Act through the director of the legislative department, Andrew J. Biemiller, and the director of the research department, Stanley H. Ruttenberg:

"The American labor movement has vigorously supported the reciprocal trade agreements program from its very inception more than two decades ago. This traditional support was reemphasized in the resolution unanimously adopted at the present Convention of the AFL-CIO. The resolution urged extension of the Reciprocal Trade Agreements Act for a period of at least 5 years with reenforcement of 'the basic goal of the reciprocal trade program, the gradual reduction of barriers to trade without undue hardship to American industries or American workers. The achievement of this goal must be sought, however, in the light of present-day conditions in our own Nation and in the nations allied with us in the common struggle for the preservation of freedom and democracy.' The full text of the convention resolution is attached to this statement.

"Let me assure the members of this committee that in restating our support for the reciprocal trade program, we of organized labor are viewing this problem without illusions and with our eyes wide open. This is no sentimental gesture on our part. We are aware of the hard realities of the present situation."

Representing the research and policy committee of the *Committee for Economic Development*, Thomas D. Cabot, president of Godfrey Lowell Cabot, Inc., stated:

"We conclude that, from the immediate economic standpoint, the recession should not affect foreign trade policy one way or another. An additional consideration points to the same conclusion. Foreign countries have been hesitant to tie their economies to ours because of fears that we would not maintain a reasonable degree of economic stability, and that we might even intensify the normal effects of a business contraction upon our purchases from them by adopting a

more restrictionist trade policy. If we should now confirm their worst fears by using the recession as an occasion to strengthen barriers to international trade, or to weaken our long-term trade agreements program, it would be most harmful to our long-term international position."

The chairman of the committee on commercial policy of the *United States Council of the International Chamber of Commerce*, supporting a strong extension of the Trade Agreements Act, testified in part as follows:

"We have recently consulted with businessmen in other national groups associated in the International Chamber of Commerce on their attitudes toward United States trade policy. Almost without exception they feel that United States trade policy is uncertain. There is a widespread belief that our actions do not conform to the repeated statements by our leaders in favor of expanding world trade. The present extension of the Trade Agreements Act is being observed very closely abroad and will do much to determine foreign attitudes toward the United States."

Charles P. Taft, general counsel of the *Committee for a National Trade Policy*, strongly endorsed renewal of the Trade Agreements Act. After describing the wide measure of support existing for this course, he concluded his testimony as follows:

"I would have thought that after 24 years of the reciprocal trade agreements program and all that has been accomplished under it, the economic advantage of this kind of policy to the United States would have been clearly realized. I find it a shocking experience that it is still necessary for those who favor a liberal trade policy to have to be fighting the *same* battle and counteracting the *same* arguments that they were up against in 1934 and in each of the 10 extensions over the quarter-century that followed. This is 1958. These are times that demand statesmanship from all who hold positions of responsibility. I want to take this opportunity to call upon the Congress to raise its sights and respond responsibly to the realities of the times in which we live."

The National Council of American Importers, Inc., was represented by its executive vice president, Harry S. Radcliffe. He said:

"Although we have advocated that the program be given stability in these critical times by an 11-year extension, we support the proposed 5-year extension for this reason:

"The evolution of the European common market during the next 5 years makes it imperative that the United States continue to be a leading contracting party to the General Agreement on Tariffs and Trade. The contracting parties to this agreement have already established a watchdog committee to deal with trade problems that will surely arise as the plans for the common market unfold. The next 5 years will be a very important period in trade history, not only because the European common market will be in its formative stage, but also because other common markets may be set up. For instance, there is active consideration at the present time for the creation of a free trade area in Europe, a Scandinavian common market, and common markets in Latin America. The United States must, therefore, be equipped with a sure and steadfast foreign trade policy and be in a position to bargain effectively at any time."

James S. Schramm, executive vice president, J. S. Schramm Co., Burlington, Iowa, appeared for the *National Retail Merchants Association* (formerly *National Retail Dry Goods Association*), posing several queries:

"What are we going to do with our enormous production potential? We retailers can't sell all that the United States can produce. If labor is to be more and more gainfully employed, if United States production is to grow, our standard of living rise: Aren't we forced to find foreign markets? Reciprocal trade is the only answer to the demands of our dynamic American productive capacity. Need I remind you that right now we need more markets for our goods? We need customers. We also need jobs for American labor. Gentlemen, if you make it harder for us to sell abroad, you will be creating more unemployment, lowering of production, and hurting retail business."

Additional business and industry associations supporting extension of Reciprocal Trade Agreements Act:

- American Association of Port Authorities
- American Bankers Association
- American Chamber of Commerce of Cuba
- American Chamber of Commerce of Venezuela
- American Fur Merchant's Association
- American Seafood Distributors Association
- Association of Food Distributors, Inc.
- Motion Picture Export Association of America, Inc.
- Pacific American Steamship Association
- United States-Japan Trade Council

NATIONAL AGRICULTURAL GROUPS

Agricultural groups supporting the Trade Agreements Extension Act included the *American Farm Bureau Federation*. Pointing out that his organization has supported the trade agreements program since its inception in 1934, President Charles B. Shuman continued:

"Farm Bureau is well aware of the importance of trade to agriculture. Trade means dollars for farmers. One of the basic objectives of Farm Bureau is to help farmers secure high per family net incomes.

"The reciprocal trade agreements program is not a new program. It has met the test of time. It has been a basic national policy of this country for 24 years. *It is not unreasonable to contend that the high and increasing standard of living enjoyed in our country during the past 25 years can be attributed in substantial part to the fact that we have had the trade program.*

"Almost 15 percent of United States farm output moved into export channels in 1957. Close to 80 percent of our record exports went to countries with whom we have reciprocal trade agreements. As much as two-thirds of our total exports to these countries moved under some form of trade-agreements concession to the United States.

"* * * In overall balance the people of the United States profit from two-way trade. Over 24 percent of our imports consisted of raw materials during 1956. These imports are necessary if our economy is to stay vigorous and dynamic. They are vital to the continuation of our rising standard of living.

"Economic development in countries sending us raw materials is important to provide us with an increasing supply of these products. Capital must flow from the developed to the underdeveloped countries to create a basis for expanding mutually profitable trade.

"The underdeveloped countries offer large potential markets for products of the United States economy. These markets will grow as the standards of living in these countries gain. We would like to think in terms of establishing real and permanent markets for our farm products in these countries."

The *National Grange* also made its views known to the committee:

"The record of the National Grange for its support of measures to expand international trade is well known. Since the enactment of the Reciprocal Trade Agreement Act in 1934, the Grange has consistently supported the principle and efforts to expand foreign markets and world trade through the mechanism of trade agreements under which tariffs and other barriers to trade may be reduced or eliminated on a reciprocal basis, thereby providing greater access to the markets of the world."

Reuben Johnson, coordinator of legislative services, *National Farmers Union*, noted that the executive branch retained the use of section 22 to safeguard farmers' farm-income-protection programs, and registered support for the Trade Agreements Extension Act:

"We supported the extension of the Reciprocal Trade Agreements Act in 1955 in a hearing before this committee. We support United States participation in the General Agreement on Tariffs and Trade. In keeping with our interest in an expanded orderly trade with other free nations, we favor enactment of H. R. 10368."

Holmes Ellis, director, *Burley and Dark Leaf Tobacco Export Association*, concluded his statement as follows:

"In summary, therefore, we urge enactment of H. R. 10368 because we know it to be in the interest of the 800,000 families in the United States primarily dependent for a livelihood on the production of tobacco and we sincerely believe it to be in the overall national economic interest and because we believe it will contribute to that all-important objective, the avoidance of war."

The *Tobacco Association of the United States* and the *Leaf Tobacco Exporters Association* were represented by their general counsel, J. C. Lanier. He said, in part:

"During the calendar year 1957 the value of leaf tobacco produced in and exported by the United States was \$350 million. More than 800,000 farm families in the United States depend upon the production and sale of leaf tobacco in whole or in part for their cash income. During 1957 more than 40 percent of leaf tobacco produced in this country was exported to foreign markets.

"Reciprocal trade agreements programs which have been in operation for the past 24 years have been very effective in helping us to maintain a high volume of tobacco exports, in the face of increased competition from tobacco grown in other countries."

The *American Cotton Shippers Association* recommended extension of the Trade Agreements Act through their counsel, John C. White:

"Whether the United States shall continue in the production of cotton for export—and whether its continued production even for domestic use shall be profitable—is dependent upon an effective foreign trade program, of which the pending renewal of the Trade Agree-

ments Act is certainly the most important part. While we share the belief that the very existence of this Nation is dependent upon our ability to consolidate the free world, we acknowledge that cotton is directly and selfishly interested in the program you are considering.

"I'm sure most of you know how important exports of raw cotton are to the cotton industry and to agriculture. In the third of the crop which is sold to foreign mills, the cotton farmer's annual stake approaches \$800 million. Those of you from cotton-producing areas know that a further reduction in acreage consequent to a loss of exports will mean increased costs and losses on the remaining production. Add to that the gradually declining domestic consumption, attributable to statutory price supports and increasing synthetic consumption, and the stake of cotton in foreign trade, and this program becomes heavy indeed."

The *United States National Fruit Export Council* and the *Institute of American Poultry Industries* expressed support for renewal of the Trade Agreements Act and also noted their continued anxiety over restrictions that dollar-short countries impose against American products.

NATIONAL PUBLIC INTEREST GROUPS

Witnesses speaking for the most important public interest groups in the United States, which have in the past supported extension of the Trade Agreements Act, again testified that renewal is a vital necessity to this country.

Mrs. Genevieve H. Oslund, legislative research director of the *General Federation of Women's Clubs*, an international organization with 11 million members, testified in part as follows:

"Our traditional concern with a liberal trade policy has been greatly reinforced by the direction of several events in the last few years; namely, the tremendous national economic growth of the Soviet Union and the rise of the common market in Europe.

"People in most of the underdeveloped countries are insisting that their living conditions be improved. They want this change fast. If their own emerging governments do not provide opportunities for development, they will be ripe to experiment with some form of communism, whose authoritarian methods produce quick results.

"The Communist leaders are acutely aware of the opportunities for penetration through expanded programs of loans, credit, and trade in these areas.

"The United States must be able to counter the Soviet economic expansion with a liberal trade policy which will allow the underdeveloped countries to make the most effective use of their resources and open the way for self-realization under a free system of government."

Dr. Robert A. Rennie, appearing for the *Cooperative League of the United States of America*, stated:

"The Cooperative League is a national federation of cooperatives. Our membership includes most of the consumer cooperatives of the country, both rural and urban. In addition, it includes some of the major farm supply cooperatives, the National Rural Electric Cooperative Association, and a number of other organizations. The Nation-

wide Insurance Cos., which I serve as vice president and research director, are also members of the Cooperative League.

"Our direct membership comprises almost 3 million families, and if we include all the local cooperative members the figure would exceed 12 million different families.

"The Cooperative League firmly believes it is to the benefit of these members and, indeed, to the benefit of all Americans, that the Reciprocal Trade Agreements Act should be extended.

"Our major concern is the welfare of all people in the United States and the policies and programs designed to promote their welfare. We believe that their interest in increased reciprocal trade and tariff reduction has three aspects. First, there is their interest as consumers; secondly, their interest as producers, and finally, their interest as responsible American citizens."

The *League of Women Voters*, which comprises 128,000 members in over 1,000 local leagues in all 48 States, Alaska, Hawaii, and the District of Columbia, restated its long-existing and vigorous support for the principles of the Trade Agreements Act through a director, Mrs. Oscar M. Ruebhausen:

"Being a nonpartisan organization whose purpose is to promote responsible citizenship, we try to look at problems objectively in order to seek solutions which are desirable for the country as a whole. Repeated studies over more than 20 years have always led us to the conclusion that removal of trade barriers is vital to the expansion and prosperity of the United States economy.

"One of my business friends once said to me, 'Now, look, you know there are no rights and wrongs to this trade controversy. It is simply a question of those who fear import competition fighting those who want to sell cheap foreign goods in the United States.' But, to me, the issue is far deeper than a fight among special-interest groups. Principles are involved which affect the welfare of the United States. In support of this view I would like to point out a highly significant fact. Practically all of the major nongovernmental organizations who have studied the trade issue have independently come to the conclusion that reducing trade barriers is a sound policy. When there is so much unanimity among those with no personal stake involved, then I think the 'rights' of the issue become clearer and the wishes of the American people should count."

Dr. Maxine Woolston testified on behalf of the *American Association of University Women*, an organization numbering more than 143,000 college alumnae in 1,400 branches in all 48 States, Alaska, Hawaii, the District of Columbia, and Guam. She said, in part:

"With the phenomenal growth of the United States to a position of dominating economic, as well as political and military power, events have thrust upon us the leadership of the free world. Along with this leadership goes the major responsibility for the economic stabilization of the free world. One need merely look over the figures provided by the First National Bank of Boston, which report on the United States as the world's greatest trading Nation, to grasp the full impact of his responsibility. The bank reports that the value of our exports was \$20 billion in 1957, 20 percent of total world trade, while our imports totaled \$12 billion. Nearly 4½ million American families depend for their income directly upon world trade. With

our remarkably high standard of living—the United States, according to United Nations statistical studies for 1952 to 1954, shows a per capita national product of \$1,870 for the United States by comparison with Britain at \$780 and India at \$60—we find ourselves simultaneously in a position of privilege and obligation. The decisions we make about United States economic policies serve in fact as decisions about the economic future and well-being of the rest of the world.”

Among other public interest groups appearing in support of the Bill were—

American Committee on United Europe
 American Veterans Committee
 Americans for Democratic Action
 Catholic Association for International Peace
 Friends Committee on National Legislation
 Jewish War Veterans of the United States of America
 National Council of the Churches of Christ in the United States of America
 National Council of Jewish Women
 Women's International League for Peace and Freedom, United States Section

ALL REGIONS OF THE COUNTRY WERE REPRESENTED IN EXPRESSING SUPPORT OF THE TRADE AGREEMENTS EXTENSION ACT TO THE COMMITTEE

New England

The Press

Boston Herald, March 3, 1958:

“If Congress should refuse to continue the President's powers to negotiate trade agreements now, it would have a disastrous effect on the economy of the whole free world, as well as our own.”

Christian Science Monitor, March 29, 1958:

“We hope that Americans who did not hear the foreign trade speeches by President Eisenhower and Adlai Stevenson will read enough of them to get the big point clear—the reciprocal trade program is ‘good for America’.”

Hartford Courant, February 25, 1958:

“* * * Connecticut's labor would do well to make clear to its Congressmen that the Trade Agreements Act—a key to continued employment as to much else that is desirable—should remain in force.”

Providence Journal, February 19, 1958:

“In our mutual defense arrangements with other free nations, this program is an instrument that promotes our national security.”

A number of other newspapers have also expressed support for a strong Trade Agreements Extension Act, including:

Hartford Times
Portland (Maine) Press-Herald
Stamford Advocate
Worcester Telegram

Business and Industry

Irving Jay Fain, past president and currently chairman of the Government liaison committee of the *New England Export Club*, presented a resolution of his organization which, in part, read as follows:

"The New England Export Club has frequently affirmed its strong support of liberal trade programs in general, and the reciprocal trade agreements program in particular.

"We advocate renewal of the reciprocal trade agreements program, for the following reasons:

"1. The increasing flow of international trade benefits the economies of all the trading partners, including our own economy. The reciprocal lowering of trade barriers permits our country to import more of what it can buy more cheaply elsewhere; and provides larger markets for the export of what we produce with relatively greater efficiency. The general economic welfare of the Nation must transcend the apparent immediate interests of particular industries and areas.

"2. The new European Common Market presents our export industries with an unusual danger affecting our exports to Western Europe, which can be met by the United States through long-range negotiation under the reciprocal trade agreements program.

"3. The continuing economic development of other nations with whom we trade depends to a great extent on their ability to increase their trade with us.

"4. The Soviet-China bloc has declared economic warfare on the United States. Sputnik has shown that this economic threat cannot be taken lightly. The third countries of the world are being enticed into the trading systems of the Soviet-China bloc. For political as well as for economic reasons, we must make it easier for third countries to expand their trade with us, rather than with the Soviet-China bloc."

Thomas W. S. Davis, chairman, presented the resolution of the *North Atlantic Ports Association, Inc.*, which read, in part, as follows:

"*Resolved*, That the North Atlantic Ports Associations request the Federal Congress to authorize a 10-year renewal of the reciprocal-trade program beyond June 30, 1958, and register its strong opposition to current efforts to force a retreat by the Federal Government to a tariff program which would seriously restrict foreign markets for United States trade with the consequent undermining of our national economy."

Daniel Bloomfield, managing director, informed the committee of views adopted unanimously by the *Massachusetts Council of Retail Merchants*, a federation of merchant associations in 35 of the leading cities in Massachusetts and the Retail Trade Board of Boston. A portion of his statement follows:

"Retailing is the second largest industry in Massachusetts, as well as in the United States, and is directly affected by the terms of the Reciprocal Trade Agreements Act. It is our sincere belief that a healthy and expanding world trade is a prerequisite to peace and a sound economy. The part that retailing plays in our economy is a vitally important one—employing over 7 million workers.

"President Eisenhower's program is a thoroughly sound one which should be accepted."

THE MIDDLE ATLANTIC STATES

The Press

New York Journal of Commerce, April 8, 1958:

"We do feel that if the issues involved were thoroughly understood both at grassroots and in Congress, the trade agreements extension bill would pass by a comfortable margin in substantially the form the President desires."

New York Times, March 25, 1958:

"A whole shipload of Russian agents and Russian propagandists couldn't do more damage to American interests and American security than the scuttling of the reciprocal trade program."

Philadelphia Bulletin, February 18, 1958:

"Failure to continue reciprocity now would be a notice to the entire free world that we intend to "go it alone" economically. In diplomacy and in military matters we have ditched such a policy."

Wall Street Journal, March 31, 1958:

"If logic and the national interest were the criteria, there would be no doubt that Congress would extend the Reciprocal Trade Agreements Act in the way President Eisenhower wants."

A number of other newspapers have also expressed support for a strong Trade Agreements Extension Act, including:

Buffalo Courier-Express

Commercial and Financial Chronicle (New York City)

Garden City (N. Y.) *News Day*

Newark News

New York Herald-Tribune

New York Post

New York World Telegram and Sun

Philadelphia Inquirer

Watertown (N. Y.) *Times*

Business and Industry

Mr. Claude R. Myers had this to say on behalf of the *Commerce and Industry Association of New York, Inc.*:

"We believe the trade agreements program is the keystone of our country's foreign economic policy and is virtually indispensable to a continued high level of international trade by American businessmen to the decided advantage of our country's economy and, in particular, the consuming public."

Charles C. Fichtner, executive vice president, *Buffalo Chamber of Commerce*, registered strong support for a 5-year renewal of the Trade Agreements Act, and pointed out:

"We estimate that 30,000 to 35,000 jobs in western New York depend upon export-import trade. With the opening of the St. Lawrence seaway, a further expansion is eagerly sought of international trade at the port of Buffalo. Fifty-one foreign ships docked at Buffalo in 1957; we anticipate that the number of these ships and the volume of tonnage they carry will rapidly increase. Certainly it would be in-

consistent for the Federal Government to make a heavy investment in the St. Lawrence seaway and then to stultify its use by a restrictive international trade policy."

Bernard Douredoure presented the views of the *Foreign Traders Association of Philadelphia, Inc.*, which, in part, are as follows:

"At the regular monthly meeting of the *Foreign Traders Association of Philadelphia*, held on November 20, 1957, motion was made and unanimously passed that the association place itself formally on record as supporting the following recommendations:

"1. Approval of OTCA's implementation of the General Agreement on Tariffs and Trade.

"2. Against the two additional weakening amendments which are to be proposed by the protectionist group.

"(a) The amendment transferring review of the Tariff Commission findings from the President to the Congress under the escape clause.

"(b) The amendment spelling out the Tariff Commission's scope of action in establishing import quotas.

"3. That the Reciprocal Trade Agreements Extension Act be renewed for 5 or 11 years, preferably 11."

The South

The Press

Atlanta Constitution, March 24, 1958:

"In the developing fight in Congress over the foreign aid and reciprocal trade programs, opponents seem determined to head the United States down that lonesome road to depression and isolation we came to know so well in the 1920's."

Baltimore Sun, April 10, 1958:

"The big trade agreement just signed by West Germany and Soviet Russia ought to be pushed under the nose of every Senator and Congressman now resisting the Administration's efforts to liberalize our foreign trade policy."

Birmingham (Ala.) News, February 17, 1958:

"If Congress doesn't extend the Reciprocal Trade Agreement Act, Nikita Khrushchev should be exceedingly happy."

Charlotte (N. C.) Observer, February 25, 1958:

"The United States is faced now with serious economic competition from the Soviet Union, and trade is the major factor in that competition. It is hard to think of a worse time for the country to repeat its old mistake of economic nationalism."

Memphis Commercial Appeal, March 30, 1958:

"Failure to extend the reciprocal trade agreement and to grant tariff reduction authority would be of service only to the Soviet bloc."

Norfolk Virginian-Pilot, March 30, 1958:

"Behind the administration's foreign trade program there is rallying a bipartisan support that is one of the most heartening political signs of the times."

Savannah News, February 13, 1958:

"We must not let the desire to protect minority interests in this Nation blind us to the broader import of increased foreign trade and commerce. Congress must avoid the mistake of trying to isolate our economy by extending the Reciprocal Trade Act."

Washington Daily News, March 31, 1958:

"The President's request on the trade program is a minimum."

Washington Star, March 29, 1958:

"Everything considered, therefore, the reciprocal trade program should be pushed forward without letup as an enterprise essential to our economy and security."

A number of other newspapers have also expressed support for a strong Trade Agreements Extension Act, including:

Daytona Beach News

Louisville Courier-Journal

Lynchburg (Va.) News

Mobile Register

Nashville Banner

Nashville Tennessean

New Orleans Times-Picayune

Richmond Times-Dispatch

Washington Post and Times Herald

Business and Industry

The Board of Commissioners of the Port of New Orleans, supporting extension of the Trade Agreements Act through its spokesman, Robert W. French, director of the port, emphasized that:

"The South and the midcontinent area served by the port of New Orleans are in the throes of industrialization. Unlike the older sections of the United States, these areas have not yet attained their full industrial stature. If they are to continue down the road to greater prosperity, they must seek to expand their foreign trade rather than restrict it. At this critical juncture in their economic growth and in the titanic struggle between the Soviet Union and the countries of the free world, trade must be free of all possible restrictions. This does not mean that complete free trade is to the best interest of these sections, but that they will be best served by freer trade on a reciprocal basis, which is the one sure result of the extension of the reciprocal trade agreements program."

The Mississippi Valley Association was represented by Everett T. Winter, executive vice president, who read a resolution which a general meeting of the association has unanimously adopted:

"We believe that the reciprocal trade-agreements program, begun in 1934, has served the United States extremely well, has substantially contributed to expanded and healthy two-way foreign trade, and has put the United States in the lead for liberalization of trade which is a major contribution to world peace. We stand for the indefinite continuation, without hampering amendments, of the program and urge Congress to renew the law for a number of years when it comes up for consideration this year (1958)."

Ed P. Jackson represented the *Louisville (Ky.) Chamber of Commerce* and said:

"While our State of Kentucky perhaps does not engage in as much foreign trade as some other States, we are not unmindful of the approaching completion of the St. Lawrence seaway, and no little effort is being devoted by us to improvement of the locks and dams on our Ohio River so that we will be able to engage in an increasing volume of such trade. In perhaps no other State is the conflict between pro-

protective tariff and free trade brought more clearly in focus than in Kentucky. A languishing coal industry pleads for protection from oil imports, while the tobacco industry and the spirits industry depend increasingly upon foreign trade for outlets. This conflict, as each member of the committee knows far better than I could possibly know, is repeated and multiplied in each State and Territory of this great country. Yet I say to you gentlemen, and with all the force at my command, the best interest of our people, and of your constituents wherever they are located, dictates that you enact legislation which will permit the executive branch of the Government to continue and expand the present program of freer trade between this country and the other countries of the world."

T. W. Rabeau, President, Hampton Roads *Foreign Commerce Club*, informed the Committee of a resolution which read, in part, as follows:

"Whereas the law, known as the Trade Agreements Extension Act of 1955, expires on June 30, 1958, and

"Whereas the ports of Hampton Roads have handled more than 50 million tons of foreign trade cargo during the year 1957, and

"Whereas this industry is one of the most important sources of employment and revenue in the Hampton Roads area and in the State of Virginia, now therefore,

The Hampton Roads Foreign Commerce Club, in general meeting assembled, strongly urges the enactment of the bill for the extension of the reciprocal trade agreements law."

* * * * *

The Southwest

The Press

Dallas News, March 30, 1958.

"This program was evolved by Cordell Hull in the New Deal period and was espoused by both the Roosevelt and Truman administrations. It has continued under Eisenhower, with some sniping from the sidelines. It has brought a steady revival of American exports and imports by making concessions on both sides."

Fort Worth Star-Telegram, February 20, 1958:

"It is imperative that the national view prevail, and that flexibility in our trade policies be preserved."

Houston Post, March 29, 1958:

"The reciprocal-trade program is so vital to the interests of this country and it has proved its value for so long one might think extending it would be merely a routine matter."

Business and Industry

Lamar Fleming, Jr., *Anderson, Clayton & Co.*, Houston, Tex., expressed his support for the bill in the following terms:

"The matter before you now is the extension of the Trade Agreements Act, in a form which does not render it ineffective, for 5 years. I wish the proposal were to extend it indefinitely.

"I am deeply convinced that the 5-year extension of the act and continuation of the policies involved in it will best serve the im-

mediate and long-range dollars-and-cents interests of the American people.

"I am convinced it will accomplish more for our national security than many of the billions which will be appropriated for military purposes.

"I am equally convinced that denial of the extension or amendments that nullify the effectiveness of the act would have disastrous effects on our foreign relations and would aggravate sorely the responsibilities and difficulties of the diplomatic and military sides of our Government.

"We would be drawing back into isolationism at a time when discovery and evolution are making more of the fruits of the earth available to those who do not hide behind walls of their own building.

"We would be abdicating a great destiny which lies before us to others less blind to the changes that are going on, to the nations in and to be affiliated with the European Common Market, to the great eastern common market, and other groups of nations which will follow suit to secure the benefits of mass production and mass markets within single customs area. We must not let this occur."

J. P. Barbosa, president, *Dallas Export-Import Club*, submitted these views to the committee:

"Urgently recommend that you do all you can to assure passage of President's proposal to extend reciprocal trade agreements program, and that extension be for 5 years. This trade-agreement program is the means through which we are able to participate in joint efforts with other nations to expand trade by means of the reduction of tariffs and trade barriers on a mutually advantageous basis. An effective Trade Agreements Act, adequate in both duration and tariff bargaining authority, is essential."

R. K. Lane, chairman of the board, *Public Service Company of Oklahoma*, Tulsa, Okla., stated unqualifiedly his support for the bill:

"I submit to the committee that our economic welfare, our free institutions, and our very security is at stake here. The trade-agreements program and what we do with it has become a symbol everywhere of our foreign economic policy and our attitude toward the needs and welfare of the rest of the world. More than a symbol it has become a practical test of our own faith in our own principles of free competitive enterprise as a basis for economic development and growth. Foreign nations who trade with the United States would certainly regard a failure on our part to renew the Trade Agreements Act or adoption of a Trade Agreements Act in name only, weakened by restrictive amendments, as a clear indication that their prospects for the future in the American market are not sanguine. Under those circumstances many governments which regard rapid economic development and rising standards of living as not only desirable ends in themselves but internal political necessities might have no choice but to listen to the Russian blandishments."

* * *

The West

The Press

Denver Post, March 27, 1958:

"The 5-year extension of the trade act called for by President Eisenhower is a must to preserve the steady flow of foreign trade required to keep up United States productivity and employment."

San Diego Union, February 27, 1958:

"A law that recognizes that the health and strength of our domestic industries has a salutary effect on free world security is a good law, deserving of passage. Mr. Eisenhower's Reciprocal Trade Act legislation is pegged on the preservation of a sound economy."

San Francisco Chronicle, March 27, 1958:

"The fact is that the Soviets have expressly declared war on the United States in the peaceful field of trade and that we must fight to keep trade booming in the free world. Reciprocal Trade Act extension is the surest way."

Seattle Times, February 21, 1958:

"It should be remembered that extension of the Reciprocal Trade Agreements Act without crippling amendments would not result automatically in any specific tariff reductions."

A number of other newspapers have also expressed support for a strong Trade Agreements Extension Act, including:

Pasadena Star-News

Portland Oregonian

Salt Lake City Deseret News and Telegram

Business and Industry

Col. Thomas J. Weed, Washington, D. C., representative of the San Francisco Port Authority, testified on behalf of the *San Francisco Area World Trade Association* and related organizations. He said:

"Because of the proven success and the benefits that have been derived from the Reciprocal Trade Agreements Act, and because of its adaptability to current world conditions, we now urge that the Congress renew this act in its present form as permanent law. Such action we firmly believe will add needed stability, continuity and permanence to our economic policies, both at home and abroad, and will strengthen our international position."

Harold C. McClellan, president, *Old Colony Paint & Chemical Co.*, Los Angeles, Calif., submitted a statement which concluded:

"I urge that your committee lend its support to the administration's proposal that would—

"(a) Authorize the extension of the reciprocal trade agreements authority for a minimum of five additional years beyond June 30, 1958.

"(b) Authorize the President to lower tariffs on a gradual and selective basis in return for equivalent trade benefits from other countries, thus permitting tariff reductions up to 5 percent a year."

Thomas Kerr, President, *Kerr Grain Corp.*, Portland Oreg., submitted a statement to the committee strongly supporting a renewal of the Trade Agreement Act which said, in part:

"It is our firm conviction that we must encourage trade with friendly foreign nations in order to support our own economy to its best advantage. Oregon, Washington, and Idaho, as well as California, are producers of large quantities of grain, approximately 60 percent of which must move into export channels. It has been our experience that, in order to move these surpluses into export channels to the best advantage, we must purchase either raw materials or manufactured articles from these countries in order to establish the necessary dollar exchange for the purchase of our surplus agricultural products."

The Midwest

The Press

Bloomington (Ill.) Pantagraph, March 29, 1958:

"Extension of the reciprocal trade program is in the best selfish-interest of the United States."

Charleston (W. Va.) Gazette, March 8, 1958:

"* * * we must keep our trade relations with other countries as compatible with national need as is humanly possible, and we can do it best through a continuation of our Reciprocal Trade Agreements Act of 1934."

Chicago Tribune, March 30, 1958:

"The general good of the country, both economically and politically, justifies the extension proposed by the administration."

Des Moines Register, February 18, 1958:

"If a reversal of the Nation's tariff-lowering policy is approved by the Congress, this action could intensify and worsen the economic recession, perhaps turning it into a real barn burner of a depression."

Grand Rapids Herald, March 29, 1958:

"We require the flexibility provided by the act to negotiate reciprocal agreements with the new European common market."

The Kansas City Times, March 29, 1958:

"To destroy the reciprocal trade program would seriously shackle America in the cold war."

Milwaukee Journal, April 5, 1958:

"If Congress rejects the trade agreements extension, or if it cuts the President's requests to meaningless proportions, then Congress will be abandoning 'a great destiny'."

Minneapolis Tribune, February 23, 1958:

"We are convinced that America will cut its own throat quicker than Russia ever could do the job if it now returns to congressional log-rolling and mutual back-scratching on tariffs—and thus to the protectionism that invites retaliation abroad and stagnates our economy at home."

St. Louis Post-Dispatch, February 16, 1958:

"President Eisenhower summed up the situation in his trade message when he said the trade program was 'essential to our national economic interest, to our security, and to our foreign relations'."

A number of other newspapers have also expressed support for a strong Trade Agreements Extension Act, including—

Chicago *Daily News*
Chicago *Sun Times*
Cleveland *Plain Dealer*
Dayton *News*
Detroit *Free Press*
Detroit *News*
Gary *Post Tribune*
Grand Rapids *Herald*
Kansas City *Star*
St. Louis *Globe-Democrat*
Wichita *Eagle*
Youngstown *Vindicator*

Business and Industry

Thomas H. Coulter, chief executive officer, speaking for the *Chicago Association of Commerce and Industry*, testified that:

"In arriving at our decision to support the Reciprocal Trade Agreements Act, due consideration is given to the widely varied and sometimes conflicting interests of our membership. The consistency of the actions of our committees and boards of directors, representing widely divergent interests, over the period of the last 25 years, demonstrates, I believe, that our support of this legislation is sound and reflects the thinking of the majority of the association's membership. The most recent reaffirmation of this association's approval of the Reciprocal Trade Agreements program was by the unanimous vote of our board of directors."

L. E. Good testified on behalf of the *Greater Detroit Board of Commerce* in part as follows:

"The reason for the board's interest in the extension of the Trade Agreements Act is the real stake that our industry and commerce have in healthy, expanding world trade.

"I believe this cannot be better illustrated than by citing the results of survey made by the Legislative Reference Service of the Library of Congress, on request of several members of the Michigan congressional delegation. This survey, entitled 'Foreign Trade Interests in the State of Michigan,' was, incidentally, the first such survey on a statewide basis.

"What does the survey show? It covered 76 percent of all employment in manufacturing in the State of Michigan and disclosed the following results: 8 out of 10 workers in manufacturing employment in Michigan are on the payrolls of firms having a 'positive' interest in foreign trade. This 'positive' interest was defined by the survey as companies 'which export some of their product, or use imported materials or both.'

"Only 1 out of 10 workers was employed by manufacturing firms which encountered competition from imports or firms whose import competition outweighed its export interest.

"The remaining 1 out of 10 workers in manufacturing employment were on the payrolls of firms that had no interest in foreign trade whatever.

"I should point out that these results do *not* mean that 8 out of 10 workers are directly employed in foreign trade, but rather that this number of workers are with firms which have a real stake in foreign trade and investment."

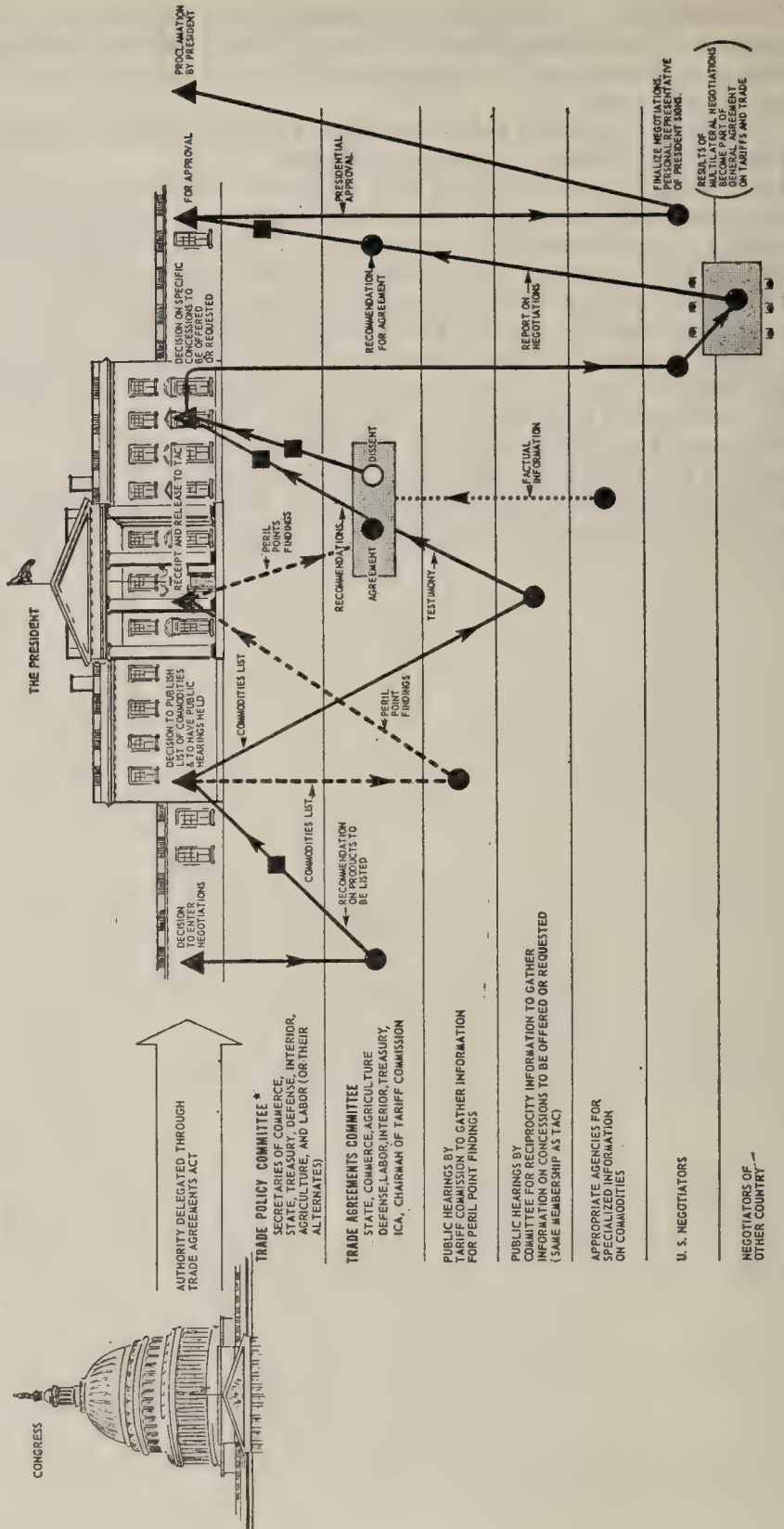
T. A. Parks submitted the statement of the *Chamber of Commerce* of Cedar Rapids, Iowa. A portion follows:

"As it is with the Nation, so it is with Cedar Rapids, Iowa, whose workers and families realize that foreign trade has helped to give them their high effective buying power of \$5,334 annually, after taxes. Cedar Rapids is generally believed to be the largest per capita tonnage exporting city in the United States and, recognizing the paramount importance to the Nation and the world of a continuance of the reciprocal trade program, expresses serious concern with a move to turn the clock back to a tariff program that would restrict trade and undermine our economic and political position in world trade.

"We solicit the Congress of the United States to authorize a 10-year renewal of the reciprocal trade agreements program beyond June 30, 1958, and to endorse constructive changes in its operating provisions in the direction of trade liberalization."

APPENDIX C

HOW A TRADE AGREEMENT IS MADE



* ALL RECOMMENDATIONS MADE BY TAC ARE TRANSMITTED TO THE PRESIDENT THROUGH TFC WHICH SUBMITS SUCH ADVICE TO THE PRESIDENT AS IT DEEMS APPROPRIATE.

APPENDIX C.—HOW A TRADE AGREEMENT IS MADE¹

THE TRADE AGREEMENTS LEGISLATION

The Trade Agreements Act, initially enacted in 1934 and since renewed 10 times by Congress, gives the President limited authority to enter into trade agreements with foreign countries. In such agreements the United States reduces or agrees not to increase tariff rates applying to specified imports from abroad in exchange for similar concessions by other countries on products exported by the United States. Trade agreements also include mutual general obligations such as granting most-favored-nation treatment with regard to tariff matters.

The President's authority is limited both as to the time in which agreements may be concluded and as to the extent of reductions or increases in rates. Moreover, the law prescribes three things which must be done before a trade agreement is concluded: (1) reasonable notice must be given of intention to negotiate an agreement in order that interested persons (e. g., domestic producers, exporters, importers, the general public, etc.) may have an opportunity to present their views; (2) the President must seek information and advice from the Departments of State, Agriculture, Commerce, and Defense and from other appropriate sources; and (3), since 1951, the President must seek "peril point" recommendations from the U. S. Tariff Commission with respect to the products which are to be considered for the granting of tariff concessions by the United States in the proposed negotiations. (The "peril points" are the rates below which the Tariff Commission finds that U. S. duties may not be reduced without causing or threatening serious injury to the domestic industry producing like or competitive products.)

The trade-agreements authority having been granted by Congress specifically to the President, he is responsible for final decisions at each stage of the negotiations. Thus, it is the President who makes the decisions (1) as to whether to enter into trade agreement negotiations with a particular country or countries; (2) as to the items included in the list of imported commodities with regard to which peril-point recommendations are requested from the Tariff Commission and public views sought; and (3) as to the products on which concessions are to be offered and sought during negotiations. He also approves the content of the agreements before proclaiming them.

INTERDEPARTMENTAL ORGANIZATION

In carrying out his responsibilities under the Trade Agreements Act, the President is assisted by an extensive network of interdepartmental committees, so organized as to make available to him information and advice from all departments and agencies of the Government concerned with foreign trade—from the technical level up to the Cabinet—and from the general public.

The President has established, by Executive orders, three principal interdepartmental committees to assist him in the administration of the trade agreements program. These are the Interdepart-

¹ Text reprinted from the *Department of State Bulletin*, February 24, 1958.

mental Committee on Trade Agreements, the Committee for Reciprocity Information, and the Cabinet-level Trade Policy Committee.

The Interdepartmental Committee on Trade Agreements, originally established in 1934, is responsible for developing detailed information and recommendations concerning the administration of the trade agreements program. Although agency representation on this Committee has changed from time to time, at the present the Committee consists of representatives of the following agencies: Agriculture, Commerce, Defense, Interior, International Cooperation Administration (nonvoting), Labor, State, Tariff Commission, and Treasury. The representative of the Department of State serves as chairman. As special problems arise or as new trade agreement negotiations are contemplated, the Trade Agreements Committee sets up interdepartmental subcommittees to consider the particular problems or possible negotiations and to submit data and recommendations to the Trade Agreements Committee.

The Committee for Reciprocity Information has at the present time the same membership as the Interdepartmental Committee on Trade Agreements, but the Tariff Commission member serves as its chairman. This Committee was established to receive the views of the public in connection with prospective trade agreement negotiations as well as with the administration of agreements already concluded.

The Trade Policy Committee, chaired by the Secretary of Commerce, was established in November 1957 by Executive order² as a Cabinet-level committee to advise and assist the President in the administration of the trade agreements program. This Committee consists, in addition to the Secretary of Commerce as its chairman, of the Secretaries of State, Treasury, Defense, Interior, Agriculture, and Labor, or of alternates designated by them. Such alternates must be officials who are required to be appointed by the President with the advice and consent of the Senate.

Under the provisions of the Executive order creating it, the Trade Policy Committee has several functions in connection with the trade agreements program. The particular function of the Trade Policy Committee in the making of new trade agreements is to receive and review all recommendations made by the Trade Agreements Committee to the President and to transmit them to the President together with any comments of its own resulting from that review. This Trade Policy Committee review takes place at each of the stages of Trade Agreements Committee action described below.

PREPARATORY PROCEDURE AND NEGOTIATIONS

There are four principal stages in a trade agreement negotiation: (1) the decisions to negotiate with a particular country or countries; (2) the preparation of the U. S. offers; (3) the preparation of our requests; and (4) the actual bargaining around the conference table.

DECISION TO NEGOTIATE

Trade agreement negotiations are undertaken only after the President has made a decision that it would be desirable to do so. Any recommendations that may be made by the Trade Agreements Commit-

² For text, see *Bulletin of the Department of State*, of Dec. 16, 1957, p. 957.

tee for the initiation of negotiations are transmitted to the Trade Policy Committee for consideration and forwarding to the President.

PREPARATION OF UNITED STATES OFFERS

Once the President has approved the recommendation that trade agreement negotiations should be undertaken with a particular country (which we will call country X), the Trade Agreements Committee proceeds to the task, lengthy and laborious, of formulating a list of import items to be considered for possible tariff concessions by the United States in the forthcoming negotiations.

Obtaining Information on Trade With Country X

The first step is for the Trade Agreements Committee to establish an interdepartmental subcommittee of experts on our trade with country X. These subcommittees are usually referred to as "country committees." The task of the X country committee at this stage is to make a comprehensive survey of our trade with country X, studying the trade statistics for both our imports and our exports to that country with a view to drawing up preliminary lists of the items which should be considered in the negotiations.

The chief criterion guiding the work of country committees at this stage is that of the principal supplier. For bargaining purposes each side generally finds that it is most advantageous if its offer of a tariff concession on a particular product is made to the country which is the principal or important supplier. Accordingly, the country committee looks first for the items of which country X is or may become the principal supplier to the United States, and then for other items which may be important to country X, e. g., items on which requests may have been made by that country. After a detailed study of data on imports, exports, domestic production, tariff history, and other pertinent facts available from Government sources on the products concerned, the country committee submits to the Trade Agreements Committee a list of products which it feels should be considered for possible tariff concessions by the United States, together with the data which it has used in its studies.

During a careful item-by-item scrutiny of the list of products and supporting data submitted to it by the country committee, the Trade Agreements Committee makes such modifications in the list as it considers advisable. It then sends to the Trade Policy Committee, for review and transmittal with its comments to the President, the list of U. S. import items ("public list") which the Committee recommends for possible tariff concessions during the negotiations. If there are dissents by any agency on particular items, these are forwarded to the Trade Policy Committee with the list.

When the list of U. S. import items has been approved by the President, it is published, together with a formal announcement of the intention to enter into trade agreement negotiations with country X, and dates are set by the Committee for Reciprocity Information for filing briefs and for public hearings to obtain the views of interested persons and groups concerning the proposed negotiations. Simultaneously the President transmits the list to the Tariff Commission for peril-point findings on each product, and the Commission also issues a notice of public hearings.

Every effort is made to see that the list and notices get wide public distribution through the press and otherwise—for example, through the field offices of the Department of Commerce—and many persons avail themselves of the opportunity to present information and views in writing and orally at the hearings.

All information presented by the public in briefs and orally at both hearings is made available to members of the subcommittee developing country trade information and to members of the Trade Agreements Committee and to any other persons who may have responsibilities for the preparations for the negotiations.

Aided by the information received from the public by the Committee for Reciprocity Information and the Tariff Commission, the various country committees resume their studies of the items under consideration in order to determine whether to recommend that a concession be made on a particular product and, if so, to what extent. These recommendations and the supporting data are submitted to the Trade Agreements Committee, which reviews them item by item and accepts, modifies, or rejects them.

How Recommendations Are Arrived At

The decision in each case is based upon a variety of factors. The Committee considers for each item the relation of imports to domestic production. Are imports a large or small part of the total amount consumed in the United States? Have imports been increasing or decreasing, both in total amount and relative to domestic output?

The Committee considers whether the domestic industry is on an export basis. If, for example, the domestic industry has a large export business, this would be one indication that the industry could compete in third markets with the foreign product and therefore a reduction in the tariff might be considered.

The Committee also takes into account such matters as whether the domestic industry is large and diversified or is located largely in one community and concentrated on the particular product involved—in a word, anything bearing on the possible impact of imports on the domestic industry.

Among other factors the Committee must take into account national security needs for particular products and, in the case of an agricultural product, whether a concession might interfere with a price-support or other farm program.

Depending on circumstances, the Committee may also consider whether it would be possible or desirable to make a concession on only part of a tariff category or limit the effect of a tariff modification through the use of a tariff quota or other device. For example, the Committee may recommend that a reduced duty apply only to a limited quantity or specified percentage of average U. S. production and that imports in excess of that quantity or percentage pay the higher rate.

Another important matter considered by the Committee is whether our offers as a whole are adequate to reciprocate for concessions we may reasonably expect to obtain from country X.

As soon as the peril-point findings of the Tariff Commission are reported to the President, they are made available to the Committee, which takes them into consideration, along with all the information

obtained from other sources, in making recommendations to the President.

Recommendations Go to the President

These recommendations are then transmitted to the President, with dissents, if any, as to particular items, through the Cabinet-level Trade Policy Committee, which gives the President such advice with regard thereto as it deems appropriate.

The decision of the President constitutes an instruction to the U. S. negotiators. It authorizes them to make specified concessions provided they can get adequate concessions in return from the countries with which the United States negotiates. Sometimes it is found desirable, during the negotiations, to request additional authority from the President. If this involves any import product not on the public list, a new notice is issued with the approval of the President, and all the procedure (hearings, peril-point findings, etc.) described earlier must be gone through with respect to the new product.

THE PREPARATION OF UNITED STATES REQUESTS

The preparation of our list of requests for concessions from country X goes forward simultaneously with the preparation of offers. The country committee makes a systematic review of our export trade with country X, studying that country's tariffs, taxes, regulations, quotas etc.

As on the import side, the principal-supplier criterion is an important guide, but studies are also made to determine whether there are some export products on which trade ought to be moving and, if not, why not. Past inquiries and complaints from American exporters to country X, received through the Committee for Reciprocity Information or by any of the departments, are reviewed in order to determine whether any of such items should be included in our requests.

At the time public notice is given of intention to enter into trade agreement negotiations, interested persons are invited to submit their views on export items on which concessions should be requested.

The recommendations of the country committee are carefully reviewed by the Trade Agreements Committee, which goes over them item by item and which also reviews our overall requests from country X in the light of our possible offers. The request list, like the offer recommendations, usually moves back and forth from the Trade Agreements Committee to the country committees and back again until it is finally ready to be transmitted through the Trade Policy Committee to the President for his approval, along with the recommendations on offers.

THE NEGOTIATIONS

If the President approves the offers and requests, the next stage is the actual bargaining or negotiation with the foreign countries involved. Under the overall direction of the Trade Agreements Committee, the negotiation with country X is conducted by a team which, as far as possible, has the same membership as the preparatory country committee and consists normally of representatives of the Department of State, Commerce, and Agriculture, with representatives of other departments assisting in matters of interest to their agencies.

In addition, each team has a member of the Tariff Commission staff assigned to it as a technical adviser, although as a matter of established policy the Tariff Commission staff members do not engage in actual negotiations.

Bilateral Negotiations

Negotiations begin with bilateral meetings of the U. S. negotiating teams with their counterparts from the foreign countries. At the initial meeting the two teams usually exchange their lists of offers, and then the actual bargaining begins and may continue for a considerable period of time.

As soon as possible the team reports to the Trade Agreements Committee its opinion as to whether an agreement is possible or not and also the most favorable terms on which it then appears that an agreement can be reached. If the proposed agreement is a balanced one and within the terms of the team's instructions, the team may be authorized to conclude the agreement on an *ad referendum* basis. Often, however, reaching an agreement involves changes in the original U. S. offers. If the other country's offers are inadequate, efforts must be made to obtain additional offers or, failing that, some of our offers must be withdrawn. If additional authority is required, the Committee transmits a request for it, through the Trade Policy Committee, to the President, and, if he approves, the negotiating team proceeds to conclude an *ad referendum* agreement.

Bargaining With Several Countries at Once

Prior to 1947 the trade agreements entered into under the Trade Agreements Act were bilateral agreements negotiated between the United States and individual foreign countries. Tariff concessions in each agreement were naturally based on the trade between the United States and the other country involved, although under the traditional most-favored-nation policy of the United States, embodied as a requirement of law in the Trade Agreements Act, tariff concessions made in any one agreement (except the preferential trade agreement with Cuba) were applied to products of all foreign countries.

At the end of World War II, in order to provide for a more widespread reduction of all kinds of trade barriers (not only tariffs, but quantitative restrictions, etc.), the United States took the lead in inviting other major trading nations to participate in negotiating the General Agreement on Tariffs and Trade (GATT), a multilateral trade agreement concluded at Geneva in 1947 by 23 countries. The GATT consists of general provisions (i. e., general trade rules) as well as schedules of tariff concessions for each participating country. These provisions protect the concessions from nullification or impairment.

Since 1947 most of our trade agreement negotiations have been carried on within the framework of the GATT, to which 37 countries are now parties.

In multilateral negotiations under the GATT, tariff negotiations are conducted between several pairs of countries concurrently, but the mechanics of the negotiations are much the same as in former bilateral negotiations. However, upon completion of the negotiations, the results of all the agreements between the various pairs of countries are combined into a single agreement between all the participating coun-

tries, with each having a contractual right in the agreements reached by each pair of countries.

When all U. S. negotiations at a multilateral conference are completed, the results are reviewed by the Trade Agreements Committee and are transmitted through the Trade Policy Committee to the President with a recommendation for his approval. If the President approves, the agreement is signed and becomes a binding obligation of the United States.

The final step in the trade agreements procedure is taken when the President issues a proclamation bringing the agreement into force as regards United States domestic law.



85TH CONGRESS
2D SESSION

H. R. 12591

[Report No. 1761]

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 1958

Mr. MILLS introduced the following bill; which was referred to the Committee on Ways and Means

MAY 21, 1958

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

A BILL

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Trade Agreements Ex-
4 tension Act of 1958".

5 SEC. 2. The period during which the President is au-
6 thorized to enter into foreign trade agreements under section
7 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec.
8 1351), is hereby extended from the close of June 30, 1958,
9 until the close of June 30, 1963.

10 SEC. 3. (a) Subsection (a) of section 350 of the Tariff

1 Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is
2 amended as follows:

3 (1) Paragraph (2) (A) is amended by striking out
4 "January 1, 1945" and by inserting in lieu thereof "July 1,
5 1934".

6 (2) Paragraph (2) (D) is amended by inserting "and
7 before July 1, 1958," after "June 12, 1955,".

8 (3) The last sentence of paragraph (2) (D) (ii) is
9 amended by striking out "section 402 of this Act (as in
10 effect" and inserting in lieu thereof "section 402 or 402a
11 of this Act (as in effect, with respect to the article con-
12 cerned,".

13 (4) Paragraph (2) is amended by adding at the end
14 thereof the following new subparagraph:

15 "(E) In order to carry out a foreign trade agree-
16 ment entered into by the President on or after July 1,
17 1958, decreasing any rate of duty below the lowest of
18 the rates provided for in paragraph (4) (A) of this
19 subsection."

20 (5) Paragraph (3) (A) is amended (A) by striking
21 out "of subparagraphs (B) and (C) of this paragraph,"
22 and by inserting in lieu thereof "of subparagraphs (B) and
23 (C) of this paragraph and of subparagraph (B) of para-
24 graph (4) of this subsection," and (B) by striking out

1 “suspension under paragraph (4)” and by inserting in lieu
2 thereof “suspension under paragraph (5)”.

3 (6) Paragraph (3) (D) is amended by striking out
4 “paragraph (2) (C) or (D)” and by inserting in lieu
5 thereof “paragraph (2) (C) or (D) or paragraph (4)
6 (A) or (B)”.

7 (7) Paragraphs (4) and (5) are renumbered as para-
8 graphs (5) and (6), respectively.

9 (8) Subsection (a) is amended by inserting after
10 paragraph (3) the following new paragraph:

11 “(4) (A) No proclamation pursuant to paragraph (1)
12 (B) of this subsection shall be made, in order to carry out
13 a foreign trade agreement entered into by the President on
14 or after July 1, 1958, decreasing any rate of duty below
15 the lowest of the following rates:

16 “(i) The rate which would result from decreasing
17 the rate existing on July 1, 1958, by 25 per centum of
18 such rate.

19 “(ii) Subject to paragraph (2) (B) of this sub-
20 section, the rate 2 per centum ad valorem below the
21 rate existing on July 1, 1958.

22 “(iii) The rate 50 per centum ad valorem or, in
23 the case of any article subject to a specific rate of duty
24 or to a combination of rates including a specific rate,

1 any rate (or combination of rates), however stated, the
2 ad valorem equivalent of which has been determined as
3 50 per centum ad valorem.

4 The provisions of clauses (ii) and (iii) of this subparagraph
5 and of subparagraph (B) (ii) of this paragraph shall, in the
6 case of any article subject to a combination of ad valorem
7 rates of duty, apply to the aggregate of such rates; and, in
8 the case of any article subject to a specific rate of duty or
9 to a combination of rates including a specific rate, such
10 provisions shall apply on the basis of the ad valorem
11 equivalent of such rate or rates, during a representative
12 period (whether or not such period includes July 1, 1958),
13 determined in the same manner as the ad valorem equivalent
14 of rates not stated wholly in ad valorem terms is determined
15 for the purpose of paragraph (2) (D) (ii) of this sub-
16 section.

17 “(B) (i) In the case of any decrease in duty to which
18 clause (i) of subparagraph (A) of this paragraph applies,
19 such decrease shall become initially effective in not more
20 than five annual stages, and no amount of decrease becoming
21 initially effective at one time shall exceed 10 per centum
22 of the rate of duty existing on July 1, 1958, or, in any case
23 in which the rate has been increased since that date, exceed
24 such 10 per centum or one-third of the total amount of the

1 decrease under the foreign trade agreement, whichever is
2 the greater.

3 “(ii) In the case of any decrease in duty to which clause
4 (ii) of subparagraph (A) of this paragraph applies, such
5 decrease shall become initially effective in not more than
6 five annual stages, and no amount of decrease becoming
7 initially effective at one time shall exceed 1 per centum
8 ad valorem or, in any case in which the rate has been in-
9 creased since July 1, 1958, exceed such 1 per centum or
10 one-third of the total amount of the decrease under the foreign
11 trade agreement, whichever is the greater.

12 “(iii) In the case of any decrease in duty to which
13 clause (iii) of subparagraph (A) of this paragraph applies,
14 such decrease shall become initially effective in not more
15 than five annual stages, and no amount of decrease becom-
16 ing initially effective at one time shall exceed one-third of the
17 total amount of the decrease under the foreign trade
18 agreement.

19 “(C) In the case of any decrease in duty to which sub-
20 paragraph (A) of this paragraph applies, no part of a de-
21 crease after the first part shall become initially effective (i)
22 until the immediately previous part shall have been in effect
23 for a period or periods aggregating not less than one year,
24 nor (ii) after the first part shall have been in effect for a

1 period or periods aggregating more than four years. If
2 any part of a decrease has become effective, then any time
3 thereafter during which such part of the decrease is not in
4 effect by reason of legislation of the United States or action
5 thereunder shall be excluded in determining when the four-
6 year period expires.”

7 (b) Subsection (b) of section 350 of the Tariff Act of
8 1930, as amended (19 U. S. C., sec. 1351 (b)), is amended
9 (1) by striking out “exclusive” in the first sentence, and
10 (2) by amending paragraph (2) to read as follows:

11 “(2) In order to carry out a foreign trade agree-
12 ment entered into by the President on or after June 12,
13 1955, below the applicable alternative specified in sub-
14 section (a) (2) (C) or (D) or (4) (A) (subject
15 to the applicable provisions of subsection (a) (3) (B),
16 (C), and (D) and (4) (B) and (C)), each such
17 alternative to be read for the purposes of this paragraph
18 as relating to the rate of duty applicable to products of
19 Cuba. With respect to products of Cuba, the limitation
20 of subsection (a) (2) (D) (ii) or (4) (A) (iii)
21 may be exceeded to such extent as may be required to
22 maintain an absolute margin of preference to which such
23 products are entitled.”

24 (c) Paragraph (2) (A) of subsection (c) of section
25 350 of the Tariff Act of 1930, as amended (19 U. S. C.,

1 sec. 1351 (c) (2) (A)), is amended by striking out
 2 “‘existing on January 1, 1945’ and ‘existing on January 1,
 3 1955’” and by inserting in lieu thereof “‘existing on July 1,
 4 1934’, ‘existing on January 1, 1945’, ‘existing on January 1,
 5 1955’, and ‘existing on July 1, 1958’”.

6 (d) Paragraph (1) of subsection (e) of section 350
 7 of the Tariff Act of 1930, as amended (19 U. S. C., sec.
 8 1351 (e) (1)), is amended by inserting after “(including
 9 the incorporation therein of escape clauses),” the following:
 10 “the results of action taken to obtain removal of foreign trade
 11 restrictions (including discriminatory restrictions) against
 12 United States exports, remaining restrictions, and the meas-
 13 ures available to seek their removal in accordance with the
 14 objectives of this section,”.

15 (e) Section 350 of the Tariff Act of 1930, as amended
 16 (19 U. S. C., sec. 1351), is amended by adding at the end
 17 thereof the following new subsection:

18 “(f) It is hereby declared to be the sense of the Con-
 19 gress that the President, during the course of negotiating
 20 any foreign trade agreement under this section, should seek
 21 information and advice with respect to such agreement from
 22 representatives of industry, agriculture, and labor.”

23 SEC. 4. (a) The third sentence of subsection (a) of sec-
 24 tion 3 of the Trade Agreements Extension Act of 1951,
 25 as amended (19 U. S. C., sec. 1360 (a)), is amended by

1 striking out "120 days" and inserting in lieu thereof "six
2 months". The last sentence of such subsection is amended
3 by striking out "120-day" and inserting in lieu thereof
4 "six-month".

5 (b) Subsection (b) of section 3 of the Trade Agree-
6 ments Extension Act of 1951, as amended (19 U. S. C.,
7 sec. 1360 (b)), is amended by adding at the end thereof
8 the following new sentence: "If in the course of any such
9 investigation the Commission shall find with respect to any
10 article on the list upon which a tariff concession has been
11 granted that an increase in duty or additional import re-
12 striction is required to avoid serious injury to the domestic
13 industry producing like or directly competitive articles, the
14 Commission shall promptly institute an investigation with
15 respect to that article pursuant to section 7 of this Act."

16 SEC. 5. (a) The first paragraph of subsection (a) of
17 section 7 of the Trade Agreements Extension Act of 1951,
18 as amended (19 U. S. C., sec. 1364 (a)), is amended by
19 striking out "any interested party" and inserting in lieu
20 thereof "any interested party (including any organization
21 or group of employees)".

22 (b) (1) The first paragraph of section 7 (a) of such
23 Act is amended by striking out "nine months" and inserting
24 in lieu thereof "six months".

25 (2) The amendment made by paragraph (1) shall

1 apply only with respect to applications made after the date
2 of the enactment of this Act.

3 (c) Section 7 of the Trade Agreements Extension Act
4 of 1951, as amended (19 U. S. C., sec. 1364), is amended by
5 adding at the end thereof the following new subsection:

6 “(f) In carrying out the provisions of this section the
7 President may, notwithstanding section 350 (a) (2) of the
8 Tariff Act of 1930, as amended, impose a duty not in excess
9 of 50 per centum ad valorem on any article not otherwise
10 subject to duty.”

11 SEC. 6. Subsection (c) of section 7 of the Trade Agree-
12 ments Extension Act of 1951, as amended (19 U. S. C.,
13 sec. 1364 (c)), is amended by inserting “(1)” after “(c)”
14 at the beginning thereof, and by adding at the end thereof
15 the following:

16 “(2) The action so found and reported by the Com-
17 mission to be necessary shall take effect (as provided in the
18 first sentence of paragraph (1) or in paragraph (3), as
19 the case may be) —

20 “(A) if approved by the President, or

21 “(B) if disapproved by the President in whole or
22 in part, upon the adoption by both Houses of the Con-
23 gress (within the 60-day period following the date on
24 which the report referred to in the second sentence of

1 paragraph (1) is submitted to such committees), by the
2 yeas and nays by a two-thirds vote of each House, of
3 a concurrent resolution stating in effect that the Senate
4 and House of Representatives approve the action so
5 found and reported by the Commission to be necessary.

6 For the purposes of subparagraph (B), in the computation
7 of the 60-day period there shall be excluded the days on
8 which either House is not in session because of an adjourn-
9 ment of more than 3 days to a day certain or an adjournment
10 of the Congress sine die.

11 “(3) In any case in which the contingency set forth
12 in paragraph (2) (B) occurs, the President shall (within
13 15 days after the adoption of such resolution) take such
14 action as may be necessary to make the adjustments, im-
15 pose the quotas, or make such other modifications as were
16 found and reported by the Commission to be necessary.”

17 SEC. 7. (a) The following subsections of this section are
18 enacted by the Congress:

19 (1) As an exercise of the rulemaking power of the
20 Senate and the House of Representatives, respectively,
21 and as such they shall be considered as part of the rules
22 of each House, respectively, but applicable only with
23 respect to the procedure to be followed in such House in
24 the case of resolutions (as defined in subsection (b)) ;

1 and such rules shall supersede other rules only to the
2 extent that they are inconsistent therewith; and

3 (2) With full recognition of the constitutional right
4 of either House to change such rules (so far as relating
5 to the procedure in such House) at any time, in the same
6 manner and to the same extent as in the case of any other
7 rule of such House.

8 (b) As used in this section, the term "resolution" means
9 only a concurrent resolution of the two Houses of Congress,
10 the matter after the resolving clause of which is as follows:
11 "That the Senate and House of Representatives approve the
12 action—

13 "(1) found and reported by the United States
14 Tariff Commission to be necessary to prevent or remedy
15 serious injury to the respective domestic industry, in its
16 report to the President dated , 19 , on
17 its escape-clause investigation numbered under the
18 provisions of section 7 of the Trade Agreements Extension
19 Act of 1951, as amended (19 U. S. C., sec. 1364),
20 and

21 "(2) disapproved by the President in whole or in
22 part in his report (dated , 19) pursuant to
23 the second sentence of paragraph (1) of section 7 (c)
24 of such Act.",

1 the blank spaces therein being appropriately filled; and does
2 not include a concurrent resolution which specifies more than
3 one such investigation.

4 (c) A resolution with respect to an investigation shall
5 be referred to the Committee on Finance of the Senate or to
6 the Committee on Ways and Means of the House of Rep-
7 resentatives by the President of the Senate or the Speaker of
8 the House of Representatives, as the case may be.

9 (d) (1) If the committee to which has been referred
10 a resolution with respect to an investigation has not reported
11 it before the expiration of ten calendar days after its intro-
12 duction (or, in the case of a resolution received from the
13 other House, ten calendar days after its receipt), it shall
14 then (but not before) be in order to move either to dis-
15 charge the committee from further consideration of such
16 resolution, or to discharge the committee from further con-
17 sideration of any other resolution with respect to such in-
18 vestigation which has been referred to the committee.

19 (2) Such motion may be made only by a person favor-
20 ing the resolution, shall be highly privileged (except that it
21 may not be made after the committee has reported a resolu-
22 tion with respect to the same investigation), and debate
23 thereon shall be limited to not to exceed one hour, to be equally
24 divided between those favoring and those opposing the reso-
25 lution. No amendment to such motion shall be in order,

1 and it shall not be in order to move to reconsider the vote
2 by which such motion is agreed to or disagreed to.

3 (3) If the motion to discharge is agreed to or disagreed
4 to, such motion may not be renewed, nor may another mo-
5 tion to discharge the committee be made with respect to
6 any other resolution with respect to the same investigation.

7 (e) (1) When the committee has reported, or has been
8 discharged from further consideration of, a resolution with
9 respect to an investigation it shall at any time thereafter be
10 in order (even though a previous motion to the same effect
11 has been disagreed to) to move to proceed to the considera-
12 tion of such resolution. Such motion shall be highly privi-
13 leged and shall not be debatable. No amendment to such
14 motion shall be in order and it shall not be in order to move
15 to reconsider the vote by which such motion is agreed to or
16 disagreed to.

17 (2) Debate on the resolution shall be limited to not to
18 exceed ten hours, which shall be equally divided between
19 those favoring and those opposing the resolution. A motion
20 further to limit debate shall not be debatable. No amend-
21 ment to, or motion to recommit, the resolution shall be in
22 order, and it shall not be in order to move to reconsider the
23 vote by which the resolution is agreed to or disagreed to.

24 (f) (1) All motions to postpone, made with respect to
25 the discharge from committee, or the consideration of, a reso-

1 lution with respect to an investigation, and all motions to
 2 proceed to the consideration of other business, shall be
 3 decided without debate.

4 (2) All appeals from the decisions of the Chair relating
 5 to the application of the rules of the Senate or the House of
 6 Representatives, as the case may be, to the procedure
 7 relating to a resolution with respect to an investigation shall
 8 be decided without debate.

9 (g) If, prior to the passage by one House of a resolu-
 10 tion of that House with respect to an investigation, such
 11 House receives from the other House a resolution with re-
 12 spect to the same investigation, then—

13 (1) If no resolution of the first House with respect
 14 to such investigation has been referred to committee,
 15 no other resolution with respect to the same investigation
 16 may be reported or (despite the provisions of subsection
 17 (d) (1)) be made the subject of a motion to discharge.

18 (2) If a resolution of the first House with respect
 19 to such investigation has been referred to committee—

20 (A) the procedure with respect to that or other
 21 resolutions of such House with respect to such in-
 22 vestigation which have been referred to committee
 23 shall be the same as if no resolution from the other
 24 House with respect to such investigation had been
 25 received; but

(B) on any vote on final passage of a resolution of the first House with respect to such investigation the resolution from the other House with respect to such investigation shall be automatically substituted for the resolution of the first House.

SEC. 8. (a) Section 2 of the Act entitled "An Act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended", approved July 1, 1954, as amended by section 7 of the Trade Agreements Extension Act of 1955 (19 U. S. C., sec. 1352a), is amended to read as follows:

"SEC. 2. (a) No action shall be taken pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), to decrease the duty on any article if the President finds that such reduction would threaten to impair the national security.

"(b) Upon request of the head of any Department or Agency, upon application of an interested party, or upon his own motion, the Director of the Office of Defense Mobilization (hereinafter in this section referred to as the 'Director') shall immediately make an appropriate investigation, in the course of which he shall seek information and advice from other appropriate Departments and Agencies, to determine the effects on the national security of imports of the article which is the subject of such request, application, or motion.

1 If, as a result of such investigation, the Director is of the
2 opinion that the said article is being imported into the
3 United States in such quantities or under such circumstances
4 as to threaten to impair the national security, he shall
5 promptly so advise the President, and, if the President de-
6 termines that the article is being imported into the United
7 States in such quantities or under such circumstances as to
8 threaten to impair the national security, he shall take such
9 action, and for such time, as he deems necessary to adjust the
10 imports of such article so that such imports will not threaten
11 to impair the national security.

12 “(c) For the purposes of this section, the Director and
13 the President shall, in the light of the requirements of na-
14 tional security and without excluding other relevant factors,
15 give consideration to domestic production needed for pro-
16 jected national defense requirements, the capacity of domes-
17 tic industries to meet such requirements, existing and antic-
18 ipated availabilities of the human resources, products, raw
19 materials, and other supplies and services essential to the
20 national defense, the requirements of growth of such indus-
21 tries and such supplies and services, and the importation of
22 goods in terms of their quantities, availabilities, character, and
23 use as those affect such industries and the capacity of the
24 United States to meet national security requirements.

25 “(d) A report shall be made and published upon the

1 disposition of each request, application, or motion under
2 subsection (b). The Director shall publish procedural regu-
3 lations to give effect to the authority conferred on him by
4 subsection (b).

5 “(e) The Director, with the advice and consultation of
6 other appropriate Departments and Agencies and with the
7 approval of the President, shall by February 1, 1959, submit
8 to the Congress a report on the administration of this section.
9 In preparing such a report, an analysis should be made of
10 the nature of projected national defense requirements, the
11 character of emergencies that may give rise to such require-
12 ments, the manner in which the capacity of the economy to
13 satisfy such requirements can be judged, the alternative
14 means of assuring such capacity and related matters.”

15 (b) The amendment made by subsection (a) shall not
16 affect any action taken or determinations made before the
17 date of the enactment of this Act.

18 SEC. 9. (a) Subsection (a) of section 333 of the Tariff
19 Act of 1930 (19 U. S. C., sec. 1333 (a)) is amended to
20 read as follows:

21 “(a) **AUTHORITY TO OBTAIN INFORMATION.**—For the
22 purposes of carrying out its functions and duties in connection
23 with any investigation authorized by law, the commission
24 or its duly authorized agent or agents (1) shall have access
25 to and the right to copy any document, paper, or record,

1 pertinent to the subject matter under investigation, in the
2 possession of any person, firm, copartnership, corporation,
3 or association engaged in the production, importation, or dis-
4 tribution of any article under investigation, (2) may sum-
5 mon witnesses, take testimony, and administer oaths, (3)
6 may require any person, firm, copartnership, corporation,
7 or association to produce books or papers relating to any
8 matter pertaining to such investigation, and (4) may require
9 any person, firm, copartnership, corporation, or association
10 to furnish in writing, in such detail and in such form as the
11 commission may prescribe, information in their possession
12 pertaining to such investigation. Any member of the com-
13 mission may sign subpoenas, and members and agents of the
14 commission, when authorized by the commission, may admin-
15 ister oaths and affirmations, examine witnesses, take testi-
16 mony, and receive evidence.”

17 (b) Subsection (d) of section 333 of the Tariff Act of
18 1930 (19 U. S. C., sec. 1333 (d)) is amended by striking
19 out “under Part II of this title” and inserting in lieu thereof
20 “before the commission”.

21 (c) (1) Subsection (a) of section 336 of the Tariff Act
22 of 1930 (19 U. S. C., sec. 1336 (a)) is amended by striking
23 out the third sentence thereof. The first sentence of subsec-
24 tion (c) of section 337 of the Tariff Act of 1930 (19

1 U. S. C., sec. 1337 (c)) is amended by striking out “under
2 and in accordance with such rules as it may promulgate”.

3 (2) Part II of title III of the Tariff Act of 1930 (19
4 U. S. C., sec. 1330, et seq.) is amended by inserting after
5 section 334 the following new section:

6 **“SEC. 335. RULES AND REGULATIONS.**

7 “The commission is authorized to adopt such reasonable
8 procedures and rules and regulations as it deems necessary to
9 carry out its functions and duties.”

10 SEC. 10. The enactment of this Act shall not be con-
11 strued to determine or indicate the approval or disapproval
12 by the Congress of the executive agreement known as the
13 General Agreement on Tariffs and Trade.

85TH CONGRESS
2D SESSION

H. R. 12591

[Report No. 1761]

A BILL

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

By Mr. MULLS

MAY 21, 1958

Referred to the Committee on Ways and Means

MAY 21, 1958

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 28, 1958
For actions of May 27, 1958
85th-2d, No. 84

CONTENTS

Agricultural appropri- ations.....	1,10		
Building space.....	6		
Cotton.....	3		
Economic conditions.....	8		
Farm prices.....	24		
Farm program.....	15		
Federal-State relations..	9		
Foreign aid.....	22,19	Peanuts.....	5
Foreign trade.....	23	Perishable commodities..	27
Forestry.....	26	Poultry disease.....	21
Housing.....	12,19	Public works.....	25
Lands.....	2	REA.....	8
Legislative program.....	19	Reorganization.....	18
Trade agreements.....	4	Research.....	16
		Small business.....	13
		Statehood.....	2
		Trade agreements.....	14
		Unemployment.....	11,19
		Water resources.....	20
		Watersheds.....	7,8,17
		Wildlife.....	19

HIGHLIGHTS: House agreed to conference report on agricultural appropriation bill, and considered amendments in disagreement. House tentatively voted against Alaska statehood bill. Rep. Gathings requested consideration of bill to permit transfer of cotton allotments due to excessive rainfall, but Rep. Hagen objected.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL FOR 1959. Agreed to the conference report on this bill, H. R. 11767, and considered the two amendments in disagreement. (pp. 8593-95, 8631)

Agreed to an amendment by Rep. Whitten to provide that no change shall be made in the 1959 ACP program which will have the effect, in any county, of restricting eligibility requirements or cost-sharing on practices included in either the 1957 or the 1958 programs, unless such change shall have been recommended by the county committee and approved by the State committee. (p. 8594)

Considered, but took no action on, an amendment by Rep. Whitten to provide that hereafter no conservation reserve contract shall be entered into which provides for (1) payments for conservation practices in excess of the average rate for comparable practices under the Agricultural Conservation Program, or (2) annual rental payments in excess of 20 percent of the value of the land placed under contract, such value to be determined without regard to physical improvements thereon or geographic location thereof. In determining the value

of the land for this purpose, the county committee would take into consideration the estimate of the landowner or operator as to the value of such land as well as his certificate as to the production history and productivity of such land. (pp. 8594-95) Further consideration of this amendment was postponed until today, May 28, after Rep. Reuss made a point of order on the vote on the amendment on the ground that a quorum was not present. Rep. Reuss expressed his concern regarding this amendment and inserted correspondence between himself and Rep. Whitten discussing the effects of the amendment. (p. 8631)

2. ALASKA STATEHOOD. Continued debate on H. R. 7999, the Alaska statehood bill. (pp. 8595-8610)

Agreed, 144 to 106, to a preferential motion by Rep. Rogers, Tex., to report the bill back to the House with the recommendation that the enacting clause be stricken. (pp. 8609-10)

Considered, but took no action on, amendments by Rep. Dawson, Utah, to limit to 25 years, instead of 50 years, the time within which the State of Alaska could select 400,000 acres from lands within the national forests in Alaska, and to limit the grant of public lands to the State of Alaska to 102 million acres instead of 182 million acres. (pp. 8605-06) Also considered, but took no action on, an amendment by Rep. Rogers, Tex., as an amendment to the amendment by Rep. Dawson, Utah, to limit the grant of public lands to the State of Alaska to 21 million acres. (pp. 8606-09).

3. COTTON ALLOTMENTS. Rep. Gathings requested unanimous consent for consideration of H. R. 12602, to permit the transfer of 1958 farm acreage allotments for cotton in the case of natural disasters, but Rep. Hagen objected on grounds that the legislation "has been handled in a very extraordinary, high-handed, and unauthorized manner." pp. 8616-17

4. TRADE AGREEMENTS. The Rules Committee reported a resolution for consideration of H. R. 12591, to extend the authority of the President to enter into trade agreements under the Tariff Act of 1930. pp. 8593, 8636

5. PEANUT ALLOTMENTS. A subcommittee of the Agriculture Committee ordered reported H. R. 12224, to provide that production of peanuts on a farm in 1957 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm. p. D472

6. BUILDING SPACE. The Government Operations Committee reported with amendment S. 2533, to authorize GSA to lease space for Federal agencies (H. Rept. 1814). p. 8636

7. WATERSHEDS. Received from the Budget Bureau plans for works of improvement for the Wild Rice Creek watershed, N. Dak. and S. Dak., and the Canoe Creek watershed, Ky., pursuant to the Watershed Protection and Flood Prevention Act; to Agriculture Committee. p. 8635

8. ECONOMIC CONDITIONS. Rep. Hiestand discussed current economic conditions, and stated that "it is peculiar, exceedingly peculiar, that farm income is up \$2 billion from the same period last year, yet supposedly recession stalks the land." p. 8585

Rep. Sheehan discussed current economic conditions, and listed actions which have been taken to "stimulate the economy," including requests for additional funds for REA loan programs, watershed programs, roads, public works, etc. pp. 8621-25

CONSIDERATION OF H. R. 12591

MAY 27, 1958.—Referred to the House Calendar and ordered to be printed

Mr. BOLLING, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 578]

The Committee on Rules, having had under consideration House Resolution 578, report the same to the House with the recommendation that the resolution do pass.



House Calendar No. 204

85TH CONGRESS
2^D SESSION

H. RES. 578

[Report No. 1777]

IN THE HOUSE OF REPRESENTATIVES

MAY 27, 1958

Mr. BOLLING, from the Committee on Rules, reported the following resolution ;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H. R. 12591) to
5 extend the authority of the President to enter into trade
6 agreements under section 350 of the Tariff Act of 1930, as
7 amended, and for other purposes, and all points of order
8 against said bill are hereby waived. After general debate,
9 which shall be confined to the bill, and shall continue not to
10 exceed eight hours, to be equally divided and controlled
11 by the chairman and ranking minority member of the Com-
12 mittee on Ways and Means, the bill shall be considered as

1 having been read for amendment. No amendments shall be
2 in order to said bill except amendments offered by direction
3 of the Committee on Ways and Means or an amendment
4 proposing to strike out all after the enacting clause and
5 inserting in lieu thereof the text of the bill H. R. 12676,
6 and said amendments shall be in order any rule of the House
7 to the contrary notwithstanding, but such amendments shall
8 not be subject to amendment. At the conclusion of the con-
9 sideration of the bill for amendment, the Committee shall
10 rise and report the bill to the House with such amendments
11 as may have been adopted, and the previous question shall
12 be considered as ordered on the bill and amendments thereto
13 to final passage without intervening motion, except one
14 motion to recommit, with or without instructions.

85TH CONGRESS
2D SESSION

H. RES. 578

[Report No. 1777]

RESOLUTION

Providing for the consideration of H. R. 12591, a bill to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

By Mr. BOLLING

MAY 27, 1958

Referred to the House Calendar and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 29, 1958
For actions of May 28, 1958
85th-2d, No. 85

CONTENTS

Agricultural appropri- ations.....1,11	Foreign aid.....15,35	Research.....25,29
Appropriations.....1,2,12	Foreign trade..5,10,26,32	Small business.....30
Barter.....10	Forestry.....4	Soil conservation.....34
Cotton.....3,13	Housing.....24	Statehood.....4,18
Economic conditions.....8	Humane slaughter.....20	Surplus commodities..10,26
Electrification.....19,28	Industrial uses.....29	Taxation.....17,31
Farm income.....3	Lands.....4,22	Tobacco.....32
Farm program.....33	Legislative program.....9	Trade agreements....5,9,27
Farmer Week.....37	Pay raises.....7,9	Transportation.....16
Flood control.....21	Postal rates.....23,40	Unemployment.....14
	Public works.....23,38	Wildlife.....6,36

HIGHLIGHTS: Both Houses adopted conference report on agricultural appropriation bill. Both Houses passed bills to permit transfer of cotton allotments due to excessive rainfall. House passed Alaska Statehood bill. House agreed to debate trade agreements bill. Senate committee ordered reported general government matters and independent offices appropriation bills.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL FOR 1959. Agreed to the amendment by Rep. Whitten to this bill, H. R. 11767, providing that hereafter no conservation reserve contract shall be entered into which provides for (1) payments for conservation practices in excess of the average rate for comparable practices under the agricultural conservation program, or (2) annual rental payments in excess of 20 percent of the value of the land placed under contract, such value to be determined without regard to physical improvements thereon or geographic location thereof; and that, in determining the value of the land for this purpose, the county committee shall take into consideration the estimate of the landowner or operator as to the value of such land as well as his certificate as to the production history and productivity of such land. p. 8734
2. DEFENSE APPROPRIATION BILL FOR 1959. The Appropriation Committee reported without amendment this bill, H. R. 12738 (H. Rept. 1330). p. 8759

3. COTTON. Passed as reported H. R. 12602, to permit the transfer of 1958 farm acreage allotments for cotton in the case of natural disasters. pp. 8748-49
The "Daily Digest" states as follows: "Committee on Agriculture: Subcommittee on Cotton met in executive session relative to cotton legislation and approved language which was recommended to the full committee for inclusion in an omnibus farm bill." p. D478
4. STATEHOOD. Passed, 208 to 166, with amendments, H. R. 7999, the Alaska statehood bill. (pp. 8731, 8734-47)
Agreed to the following amendments:
By Rep. Dawson, Utah, 91 to 8, to limit to 25 years, instead of 50 years, the time within which the State of Alaska may select 400,000 acres from lands within the national forests in Alaska, and to limit the grant of public lands to the State of Alaska to 102 million acres instead of 182 million acres. (p. 8735)
By Rep. Westland to provide that the administration and management of the fish and wildlife resources of Alaska shall be retained by the Federal Government under existing laws until the first day of the first calendar year following the expiration of 90 legislative days after the Secretary of the Interior certifies to the Congress that the Alaska State Legislature has made adequate provision for the administration, management, and conservation of these resources in the broad national interest. (pp. 8738-41)
Rejected an amendment by
Rep. Rogers, Tex., 46 to 74, as an amendment to the amendment by Rep. Dawson, Utah, to limit the grant of public lands to the State of Alaska to 21 million acres. (p. 8735)
Rejected a motion by Rep. Rogers, Tex., 174 to 199, to recommit the bill to the Interior and Insular Affairs Committee. (pp. 8734-35) A similar motion by Rep. Pillion was rejected 172 to 201. (pp. 8745-46)
5. FOREIGN TRADE. Agreed to a Rules Committee resolution for debate on H. R. 12591, to extend the authority of the President to enter into trade agreements. The resolution waives all points of order against the bill, provides for 8 hours of general debate, and provides that no amendments to the bill will be in order except those offered by direction of the Ways and Means Committee and the proposed bill by Rep. Simpson (H. R. 12676) which may be offered as an amendment. pp. 8732-34
6. WILDLIFE. A subcommittee of the Merchant Marine and Fisheries Committee ordered reported with amendment, H. R. 10244, to reaffirm the national policy regarding fish and wildlife resources. p. D479
7. PAY RAISES. The "Daily Digest" states as follows: "Committee on Rules: Held no hearing as scheduled on granting of a rule on S. 734, classified employees pay raise bill, inasmuch as the House will on Monday, June 2, consider the bill under the suspension of rules." p. D379
Rep. Sikes spoke in favor of pay raises for classified employees. p. 8731
8. ECONOMIC CONDITIONS. Several Representatives discussed current economic conditions, including references to farm income and prices. pp. 8751-57
9. LEGISLATIVE PROGRAM. Rep. McCormack announced the Consent Calendar will be called Mon., June 2, followed by consideration of the classified pay increase bill, and that the trade agreements bill will be considered later in the week. pp. 8749-50

House of Representatives

WEDNESDAY, MAY 28, 1958

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Joel 2: 3: *Turn unto the Lord, your God; for He is gracious and merciful, slow to anger, and of great kindness.*

Almighty God, thou art acquainted with our many needs and able to do for us exceeding abundantly above all that we can ask and hope for.

Thou knowest the question which frequently haunts us, the longings which make us lonely and pensive, and the problems for which we have no satisfactory solution.

We beseech Thee to search our souls, cleansing us of all that is sinful and unworthy, and inspiring us to reach out to loftier fields of endeavor.

Grant that we may open widely the door of our hearts to receive Thy divine strength and guidance as we struggle to perform our daily tasks, faithfully and well.

Hear us in the name of our Lord and Master. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

CORRECTION OF ROLL CALL

Mrs. GRIFFITHS. Mr. Speaker, on roll call No. 77, a quorum call, I am recorded as being absent. I was present and answered to my name. I ask unanimous consent that the Record and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentlewoman from Michigan?

There was no objection.

DEFENSE DEPARTMENT APPROPRIATION BILL, 1959

Mr. MAHON. Mr. Speaker, by direction of the Committee on Appropriations, I ask unanimous consent that the committee may have until midnight tonight to file a report on the bill making appropriations for the Department of Defense for the fiscal year ending June 30, 1959, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WIGGLESWORTH reserved all points of order on the bill.

PAY RAISE FOR CLASSIFIED FEDERAL WORKERS

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. SIKES. Mr. Speaker, by affixing his signature to the postal pay bill, the President apparently has signified his approval of the work being done by the Congress for a pay raise for classified Federal workers as well. I believe the facts are fully clear in this matter. The costs of living have steadily increased. No real effort has been made anywhere along the line by the Government to hold down this increase in costs of living. Therefore, it appears that we have a clear obligation to give to the Government's employees an increase in pay to help compensate them. Quite possibly, there are areas in which there are too many employees or in which unnecessary work is being done. This is a field which merits continuing study. This, however, is not a reason for failing to adequately pay those who are doing good work and whose services are needed.

I am particularly glad that our own employees in the House of Representatives and in the congressional offices are to be included in the pay raises that are proposed. Here is a group of dedicated and hardworking employees most of whom put in far more hours and do much more work than they are paid for.

It is my understanding that the pay raise measure will be considered by the House on Monday. I shall have to be away from Congress on Monday and I have already requested leave of absence to attend to official business in my district. My proposed absence does not in any way reflect any lack of interest in the proposals for a pay raise, for I have voted for these proposals on previous occasions and I support them under the present circumstances.

I am glad to note also that support appears almost unanimous and that there is little if any likelihood that the measure will be in difficulty.

ALASKA STATEHOOD

(Mr. NORBLAD asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. NORBLAD. Mr. Speaker, I hope that the House will today pass the Alaska statehood bill by a very substantial margin. There has been an implied promise to Alaskans for statehood ever since the original treaty by which we acquired it and under which we agreed to give Alaskans all of the rights and privileges of American citizenship. In the 13 years that I have been here the Alaska statehood bill has been kicked around a great deal and I feel that today we can finally resolve the issue.

In Oregon and other Pacific Northwest States people are very anxious to have this legislation passed as there is a great deal of mutual interest in our lumber, fishing, and other industries be-

tween the two areas. We feel that enactment of this legislation would be very beneficial to not only the Pacific Northwest, but all of our now existing 48 States.

HOSPITAL AND MEDICAL CARE FOR CERTAIN VETERANS OF ARMED FORCES OF THE UNITED STATES RESIDING IN THE PHILIPPINES

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6908) to authorize modification and extension of the program of grants-in-aid to the Republic of the Philippines for the hospitalization of certain veterans, to restore eligibility for hospital and medical care to certain veterans of the Armed Forces of the United States residing in the Philippines, and for other purposes, with amendments of the Senate thereto, and concur in amendments numbered 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13 and disagree to the amendment of the Senate numbered 3.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, strike out all after line 2 over to and including line 2 on page 6 and insert "That—"

Page 6, line 3, strike out "(b)" and insert "(a)."

Page 6, line 23, after "war" insert "who was domiciled in the Philippines on July 4, 1946, and who continues to be so domiciled."

Page 7, line 4, strike out "(c)" and insert "(b)."

Page 7, line 4, strike out "521" and insert "522."

Page 7, line 8, strike out "4" and insert "2."

Page 7, line 23, strike out "plant" and insert "plan."

Page 11, line 8, strike out "5" and insert "3."

Page 11, line 15, strike out "6" and insert "4."

Page 11, lines 19 and 20, strike out "heretofore"

Page 11, line 21, strike out "60" and insert "62."

Page 11, strike out all after line 22 over to and including line 4 on page 12 and insert: "Sec. 5. The act of July 1, 1948 (62 Stat. 1210; 50 App. U. S. C., secs. 1991-1996), is hereby repealed."

Page 12, line 5, strike out "8" and insert "6."

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. TEAGUE]?

There was no objection.

The amendments of the Senate numbered 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13 were concurred in.

The amendment of the Senate numbered 3 was disagreed to.

A motion to reconsider was laid on the table.

EXTENSION OF CORPORATE AND EXCISE TAXES

Mr. MILLS. Mr. Speaker, I ask unanimous consent to have until midnight Saturday night to file a report including any supplemental or minority views on the bill (H. R. 12695) to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, reported by the committee this morning.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

EXTENSION OF TRADE AGREEMENTS ACT

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 578) providing for the consideration of H. R. 12591, a bill to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 8 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendments shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means or an amendment proposing to strike out all after the enacting clause and inserting in lieu thereof the text of the bill H. R. 12676, and said amendments shall be in order any rule of the House to the contrary notwithstanding, but such amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN], and, pending that, I yield myself such time as I may consume.

Mr. Speaker, this rule makes in order the consideration of the bill reported by the Committee on Ways and Means to extend the Reciprocal Trade Agreements Act, the bill H. R. 12591. It provides for 8 hours of general debate. It provides for committee amendments, and also provides that the bill H. R. 12676, introduced by the gentleman from Pennsylvania [Mr. SIMPSON], may be in order as an amendment. All Members who appeared before the Committee on Rules on this matter favored the rule as granted.

I reserve the remainder of my time, Mr. Speaker.

The SPEAKER. The gentleman from Illinois [Mr. ALLEN] is recognized.

Mr. ALLEN of Illinois. Mr. Speaker, the able gentleman from Missouri [Mr. BOLLING] has explained the rule. We all know that this is a very controversial bill. I know of no one who is opposed to the rule. I say it is controversial because I am certain that many of you, like myself, have received letters from executives of companies or corporations, some in favor of the bill and some opposed to it. Many of our national associations have not taken any definite stand in regard to this bill. So, while I repeat it is controversial, I do not know anyone who is opposed to the rule itself.

Mr. Speaker, I yield 10 minutes to the gentleman from Ohio [Mr. BROWN].

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, the legislation which this rule makes in order, is of such great importance, and so controversial in nature, that I believe it worth while to take a few minutes to discuss the legislative problem which confronts us.

First of all, let me say that the Reciprocal Trade Agreements Act, which the Mills bill, H. R. 12591, would extend for 5 years, was originally passed back in 1934 and has been reenacted, or extended for different periods of time anywhere from 1 to 3 years, on several occasions in the past. The last time the act was extended was by a single vote. The Mills bill also contains other provisions in addition to the 5-year extension. It provides, for instance, that the President will be granted authority to further reduce tariff and import duties on foreign goods coming into this country, under certain circumstances, by as much as 25 percent.

As I said in the beginning, this is a controversial measure. Many people throughout the country are for the bill. Some industries have benefited from the workings of the Reciprocal Trade Agreements Act but other industries certainly have also suffered from it. I think each and every one of us, all Americans, want to have good international trade. We want to see foreign trade flourish between this country and other countries. We want to see imports coming in, when we need goods or can use the products of other nations, and we certainly want to export our goods. Some of our farm organizations seem to be very much concerned about this legislation, and feel that if the Reciprocal Trade Agreements Act is not extended "as is" then agricultural exports will suffer. That seems to be questionable, because most of the exportation of our farm products come under Public Law 480, as you know.

However, we were informed in the Rules Committee, and this is something very important, and which every Member ought to keep in mind in the consideration of this legislation, that if the Reciprocal Trade Agreements Act is not extended, then the reciprocal-trade agreements which have been entered into by the President with other nations in

the past will remain in effect from now on unless he, the President, negotiates new trade agreements, of his own volition, to replace them.

Let me go a little further on this matter, if I may take the time: The Constitution of the United States places upon the Congress the responsibility to fix tariffs and import duties; that is the direct responsibility of the Congress of the United States under the Constitution.

The Congress in its wisdom, back a number of years ago, provided there should be set up as an arm of the Congress, or as an agency of the Congress, a Tariff Commission to represent it in passing upon tariff and import duty matters. That Tariff Commission is still in existence. It has certain rights and privileges. It has authority under the Trade Agreements Act to pass upon applications for relief by injured industries, that is, industries which have been injured by unfair foreign competition—relief that can be given through the fixing of higher tariffs or establishment of quotas so as to protect the injured industry from such unfair competition.

Then the decisions and the rulings of the Tariff Commission—and I wish the gentleman from Illinois [Mr. MASON] would correct me if I am wrong—are subject to review by the President.

Mr. MASON. That is correct, and when we passed the Reciprocal Trade Agreements Act in 1934 we automatically turned over the Tariff Commission as an arm of the Congress to be an arm of the Executive, to report to the Executive, to be responsible to the Executive and not to the Congress.

Mr. BROWN of Ohio. I thank the gentleman very much for his contribution. As I understand the situation, when final decision is made upon these appeals the Tariff Commission is not permitted to vote thereon. That is done by a commission or committee representing the President, made up of the Secretary of State, the Secretary of Commerce, and other Cabinet officials and executive officers of the Government.

The great complaint which has been made against the present act, as I understand it, at least the one regarding which I have received the largest number of petitions and letters, is that there is no really worthwhile or effective method or means to obtain prompt relief when a concern is being greatly damaged, or put out of business, as many industries and concerns have been throughout the country, with labor losing their jobs. The present method of appeal is too slow and has not been effective.

There was great division of opinion on this whole subject within the great Committee on Ways and Means, and so the gentleman from Pennsylvania [Mr. SIMPSON] introduced a separate bill, H. R. 12676, which would extend for 2 years only the Reciprocal Trade Agreements Act, and would provide an easier and better method by which relief could be obtained by those industries and workers' organizations damaged or injured as a result of unfair foreign competition.

The Rules Committee in its wisdom has seen fit, upon the request of the Committee on Ways and Means, as both sides agreed this would be the only fair way to discuss this situation, to grant the rule that is now before you which makes in order the consideration of the Mills committee bill, H. R. 12591, waiving all points of order thereon, providing 8 hours of general debate, and then also making in order the offering of the Simpson bill, H. R. 12676, as an amendment or substitute for the Mills bill; so an opportunity will be given for the House to decide, in its own wisdom, whether it wants to have the act extended for a shorter time than 5 years, and for 2 years only, and to have an easier and more effective method by which American industries may obtain relief from unfair foreign competition.

Mr. MASON. Mr. Speaker, will the gentleman yield further?

Mr. BROWN of Ohio. I yield.

Mr. MASON. The gentleman left out the most important part of the Simpson bill, and that is the language that would return to the Congress the final say-so and approval of the Tariff Commission's recommendation.

Mr. BROWN of Ohio. It restores the authority of the Tariff Commission, I wish to add, and it also restores to the Congress a great deal of the power and control which it has given away in the past, the constitutionality of which, I might say to the gentleman from Illinois, many good lawyers question.

As an example—and I present it up here just to give an example of the kind of problem we face, for I get letters both ways on this—we had in my home county, of which Wilmington, Ohio, is the county seat, a little town about 4 miles away, with a population of about 50, a blacksmith, who, just after the Civil War, invented the first auger or bit to bore holes in wood. He hammered it out on his anvil and he went to the county seat of Wilmington and obtained the interest of a man named Irwin, and also of General Denver, after whom Denver, Colo., is named, and also of his son Matt Denver, who for many years was a distinguished Democratic Member of this House. They formed a little corporation and obtained patents, the first patents issued in the United States on bits or augers to bore holes. The Irwin Auger Bit Co. became the first company or plant in the world making these bits. For a great many years it did business all over the world. It still does business all over the world, but to a lesser degree than a few short years ago. The patents have expired. I had a letter from the company just a day or two ago, along with two sets of bits. You can see them here. They are in these plastic containers.

This set of bits which I hold in my hand was made in West Germany, and was purchased by the Irwin Auger Bit Co. from the Montgomery Ward Co. in Chicago for \$1.88. They are speed bits to use in electric drills to drill holes in wood.

Then here is the other set. It is made by the Irwin Auger Bit Co., by American labor. By the way, Irwin has laid off a great many men out there recently.

It has been forced to do so by foreign competition in American markets. Now, the people who invented this, who pioneered the use of these bits all over the world, sell these for \$4.50 a set. As I understand, it costs about \$3.65 to manufacture them before they are shipped out to the distributors. Yet, they bought the German set of bits for \$1.88, and that included the profit of Montgomery Ward. Tests show the German bits selling for \$1.88 are every bit as good as are the bits manufactured in my own district by the Irwin Auger Bit Co.

The difference, however, rests in some other things. First of all, the Irwin Auger Bit Co. pays anywhere from \$1.80 per hour for ordinary labor, to as high as \$3.50 or \$4 an hour for skilled labor. They have an 8-hour day and a 40-hour week. They are required to pay time and a half for overtime, and do all the other things required by our laws. In West Germany the labor cost is much cheaper, and the hours are much longer. The West Germans are fine people, I have no quarrel with them, but they find it possible to manufacture these bits with cheaper labor, and by working longer hours, on machine tools that, by the way, we have given them under some of our foreign-aid programs and to ship them clear over here and sell them at a price which will permit Montgomery Ward to make a profit on them when they retail them for \$1.88. As a result, I have good people in my district, workers at the Irwin Auger Bit Co., good mechanics who have labored there for years, and helped to develop these tools, now out of work. The company is operating on part time and on low production schedule. That is one of the problems brought up by the legislation which we will soon have before us. So I think it is well that we have brought out a rule that will give to this House the opportunity to consider a substitute bill which will make it easier for concerns like Irwin Auger Bit Co., or many other concerns that I could name, to obtain some relief and some protection from what most of us, I believe you and I will agree, is unfair foreign competition.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman.

Mr. MASON. The examples which the gentleman has brought to us indicating a doubling of cost to produce here, while the imported articles are sold for less than half, can be duplicated hundreds of times. I have seen dozens of such examples. How in the world we can compete against that under our present system of reciprocal trade agreements I do not know.

Mr. BROWN of Ohio. Mr. Speaker, I thank the gentleman very much. Many of us could bring numerous examples such as I have given from their own districts. I know of the pottery industry in Ohio and from the district represented so ably by the gentleman from Ohio [Mr. HENDERSON] which have been virtually destroyed by unfair foreign competition. The plants are down; some of them have quit almost entirely and only a very few of them operating

at all. For instance, the Crooksville Pottery Co., which has been in operation 138 years, was forced out of business last month.

I hope this rule will be adopted.

The SPEAKER. The time of the gentleman from Ohio [Mr. BROWN] has again expired.

Mr. HENDERSON. Mr. Speaker, it is true, as our colleague the gentleman from Ohio [Mr. BROWN] has stated, that the pottery industry in the 15th District of Ohio has had a rough time of it in recent years. One pottery in Crooksville has closed its doors for all time, after many years of operation. Another pottery in a county adjoining my district has more recently closed. A large and well-known pottery in Cambridge has seriously felt the effects of foreign competition, and many men and women of Guernsey County have found themselves working only part time or not at all.

But more than the pottery industry is at stake here. Glass, ceramic tile, coal, oil, stainless-steel flatware, tools, and many others are being crowded and harmed by our trade policy. Mr. Speaker, if there is harm, then we need to try to correct the situation. It is sheer madness to continue the same policies where manifest harm to certain industries is so convincingly present. Therefore, I believe this House has a duty to adopt a rule which will permit the Members to express themselves upon this vital issue.

The rule being considered by the House will permit the amendment of the basic bill by the substitution of the Simpson bill. The Simpson amendment will reduce the extension of the act from 5 to 2 years, and in many other ways will provide a marked improvement over the Mills bill. I have introduced H. R. 12703, a bill similar to that of the Simpson bill, and I heartily endorse the principles embodied in the Simpson bill as a substitute for the committee bill, H. R. 12591.

The modified closed rule recommended by the Rules Committee will permit the introduction of the substitute, and for that reason I will support the rule, though I would prefer an open rule under which additional amendments would be in order.

Mr. BOLLING. Mr. Speaker, I understand the gentleman from Oklahoma [Mr. EDMONDSON] wishes to ask some questions and I yield to him for that purpose.

Mr. EDMONDSON. Mr. Speaker, there are some of us who are disturbed by the parliamentary situation which does not permit the House to work its will with regard to this legislation. I would like to ask the gentleman from Missouri in the first place if my understanding is correct that the only amendment specifically provided to be considered by the House under this rule is the amendment to be offered by the gentleman from Pennsylvania [Mr. SIMPSON] which may be otherwise identified as H. R. 12676?

Mr. BOLLING. The gentleman from Oklahoma is correct, except that committee amendments are also in order under the rule.

Mr. EDMONDSON. Mr. Speaker, I would like to ask the gentleman from Missouri if my understanding is correct that this rule does not permit, specifically at least, a vote of the House upon the so-called Ikard amendment which received, I understand, 10 votes in the Committee on Ways and Means?

Mr. BOLLING. The only amendments which will be in order under the rule are committee amendments and the amendment in the form of the bill, H. R. 12676, the so-called Simpson bill.

Mr. EDMONDSON. Mr. Speaker, I would like to ask the gentleman if it is possible that the Ikard amendment may be offered as a committee amendment in the course of the consideration of this bill?

Mr. BOLLING. That is a matter beyond my ability to answer, because that would be entirely in the control of the Committee on Ways and Means.

Mr. EDMONDSON. Mr. Speaker, I thank the gentleman.

Mr. BOLLING. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

JOINT MEETING TO RECEIVE THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it may be in order at any time on Thursday, June 5, 1958, for the Speaker to declare a recess for the purpose of receiving, in joint meeting the President of the Federal Republic of Germany.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

COMMITTEE ON RULES

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tomorrow to file certain privileged reports.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

DEPARTMENT OF AGRICULTURE AND FARM CREDIT APPROPRIATION BILL, 1959

The SPEAKER. The unfinished business is the conference report on the bill (H. R. 11767) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1959, and for other purposes.

The Clerk will report the motion offered by the gentleman from Mississippi [Mr. WHITTEN].

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate No. 17, and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amend-

ment, insert "": *Provided further*, That hereafter no conservation reserve contract shall be entered into which provides for (1) payments for conservation practices in excess of the average rate for comparable practices under the agricultural conservation program, or (2) annual rental payments in excess of 20 percent of the value of the land placed under contract, such value to be determined without regard to physical improvements thereon or geographic location thereof. In determining the value of the land for this purpose, the county committee shall take into consideration the estimate of the landowner or operator as to the value of such land as well as his certificate as to the production history and productivity of such land."

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

PAYMENT TO THE GOVERNMENT OF DENMARK

The SPEAKER. The further unfinished business is the bill (S. 2448) to authorize a payment to the Government of Denmark.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BENTLEY moves that the bill be recommitted to the Committee on Foreign Affairs for further study and revision.

The motion to recommit was rejected.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

ADMISSION OF THE STATE OF ALASKA INTO THE UNION

The SPEAKER. The further unfinished business is the consideration of the bill (H. R. 7999) to provide for the admission of the State of Alaska into the Union, on which a motion to recommit is pending.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ROGERS of Texas moves to recommit the bill to the Committee on Interior and Insular Affairs.

The SPEAKER. The question is on the motion to recommit.

Mr. O'BRIEN of New York. Mr. Speaker, on that I respectfully demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 174, nays 199, answered "present" 4, not voting 52, as follows:

[Roll No. 78]

YEAS—174

Abbott
Abernethy
Adair
Alexander
Alger
Allen, Ill.
Andrews
Arends
Ashmore

Avery
Ayres
Bailey
Barden
Bates
Baumhart
Beamer
Becker
Belcher

Bennett, Mich.
Betts
Blitch
Bolton
Bonner
Bosch
Boykin
Brooks, Tex.
Brown, Ga.

Brown, Ohio
Broyhill
Budge
Burleson
Bush
Byrnes, Wis.
Cannon
Cederberg
Chiperfield
Clevenger
Cooley
Coudert
Cramer
Cunningham, Nebr.
Dague
Davis, Ga.
Delaney
Derounian
Devereux
Dorn, N. Y.
Dorn, S. C.
Dowdy
Durham
Elliott
Everett
Fenton
Fino
Fisher
Flynt
Forrester
Fountain
Frazier
Gary
Gathings
Gavin
George
Grant
Gwinn
Haley
Halleck
Hardy
Harris
Harrison, Va.
Harvey
Hays, Ark.
Hemphill
Henderson
Herlong
Hess

Addonizio
Albert
Allen, Calif.
Anderson, Mont.
Anfuso
Ashley
Aspinall
Baker
Baldwin
Baring
Barrett
Bass, N. H.
Bass, Tenn.
Beckworth
Bennett, Fla.
Berry
Blatnik
Boggs
Boland
Bolling
Bow
Boyle
Bray
Breeding
Broomfield
Brown, Mo.
Brownson
Byrd
Byrne, Ill.
Byrne, Pa.
Canfield
Carrigg
Celler
Chamberlain
Chenoweth
Christopher
Church
Clark
Coad
Coffin
Collier
Corbett
Cretella
Cunningham, Iowa
Curtin
Curtis, Mo.
Davis, Tenn.
Dawson, Ill.
Dawson, Utah
Dellay
Dennison

Fliestand
Hill
Hoeven
Hoffman
Holt
Hosmer
Huddleston
Hyde
Ikard
Johansen
Jonas
Jones, Ala.
Kean
Kilday
Kilgore
Kitchin
Laird
Landrum
Latham
LeCompte
McCulloch
McGregor
McIntire
McMillan
McVey
Mahon
Martin
Mason
Matthews
Miller, Md.
Miller, N. Y.
Mills
Mitchell
Moore
Mumma
Murray
Nicholson
O'Neill
Ostertag
Patman
Patterson
Philbin
Pilcher
Pillion
Poage
Poff
Preston
Rains
Ray
Reed

NAYS—199

Dent
Denton
Dingell
Dixon
Dollinger
Donohue
Dooley
Dwyer
Eberhart
Edmondson
Evins
Fallon
Farbstein
Fascell
Feighan
Flood
Fogarty
Ford
Frelinghuysen
Friedel
Fulton
Garmatz
Glenn
Gordon
Granahan
Gray
Green, Oreg.
Green, Pa.
Griffin
Griffiths
Hagen
Hale
Harden
Harrison, Nebr.
Haskell
Hays, Ohio
Healey
Heselt
Hollifield
Holland
Holmes
Holtzman
Horan
Jarman
Jennings
Jensen
Johnson
Jones, Mo.
Judd
Karsten
Kearns
Keating
Kee

Riley
Rivers
Roberts
Robeson, Va.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Rutherford
Sadlak
St. George
Schenck
Scherer
Schwengel
Scrivner
Scudder
Selden
Sikes
Simpson, Ill.
Simpson, Pa.
Smith, Miss.
Smith, Va.
Springer
Stauffer
Taber
Talle
Taylor
Teague, Calif.
Teague, Tex.
Thomas
Thornberry
Tuck
Utt
Van Pelt
Vursell
Walter
Wharton
Whitener
Whitten
Wigglesworth
Williams, Miss.
Williams, N. Y.
Willis
Wilson, Ind.
Winstead
Withrow
Wolverton
Young
Younger

Kelly, N. Y.
Keogh
King
Kirwan
Kluczynski
Knutson
Krueger
Lafore
Lane
Lankford
Lesinski
Libonati
Lipscomb
McCormack
McDonough
McFall
McGovern
McIntosh
Macdonald
Machrowicz
Mack, Ill.
Mack, Wash.
Madden
Magnuson
Maillard
May
Meador
Morrow
Metcalf
Michel
Miller, Nebr.
Minshall
Montoya
Morano
Morgan
Moss
Moulder
Multer
Natcher
Nimtz
Norblad
Norrell
O'Brien, Ill.
O'Brien, N. Y.
O'Hara, Ill.
O'Ronski
Osmers
Passman
Pelly
Perkins
Pfost
Polk
Porter

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 10, 1958
For actions of June 9, 1958
85th-2d, No. 92

CONTENTS

Acreage reserve.....1	
Appropriations.....1,6,7,11,37,38	
Awards.....30	
Buildings.....39	
Citrus prices.....25	
Civil works.....6	
Conservation program.....1	
Construction.....43	
Economic situation.....22	
Education.....40	
Educational exchange....16	
Farm program.....8,28,29	
Food additives.....27,36	
Foreign aid.....10,20	
Foreign trade.....2,23	
Forestry.....4,19	
Grain standards.....3	
Inspection services.....15	
International organizations.....9	
Leave.....41	
Legislative program.....19	
Livestock.....42	
Meat inspection.....1	
Meats.....24	
Milk.....26	
Property.....14	
Peanuts.....31	
Personnel.....9,33,41	
Price supports.....29,31	
Public Law 480.....29	
Public works.....1	
Reclamation.....5	
Research.....21,40	
Retirement.....9,41	
Small business.....13	
Timber.....17	
Transportation.....32	
Unemployment compensation.....7	
Vehicles.....35	
Virgin Islands.....34	
Wheat.....18	
Wildlife.....12,19	
Witchweed.....1	

HIGHLIGHTS: House received supplemental appropriation request for various agencies, including USDA. Senate passed general Government matters and independent offices appropriation bills. House debated trade agreements bill. (Highlights continued on page 5.)

HOUSE

1. APPROPRIATIONS. Received from the President supplemental appropriation estimates for the fiscal year 1959 (House Doc. 394); to Appropriations Committee. This document includes the following items for this Department: Agricultural Research Service, for the control and eradication of witchweed, \$3,000,000; and for meat inspection, \$2,100,000; Agricultural Conservation Program Service, proposed language to continue available until December 31, 1958, the unobligated balances of appropriations made during calendar year 1957 for "Emergency Conservation Measures"; Soil Bank Programs, for the Acreage Reserve Program, \$282,800,000; and to increase the limitation on administrative expenses for this program from \$13,000,000 to \$20,600,000. p. 9523
The Appropriations Committee was granted permission until midnight Mon., June 9, to file a report on the public works appropriation bill. p. 9465
2. FOREIGN TRADE. Began debate on H. R. 12591, to extend the authority of the President to enter into trade agreements. pp. 9468-9509, 9520-22
3. GRAIN STANDARDS. The Agriculture Committee reported with amendment S. 2007, to amend the Grain Standards Act to permit the collection of charges to reimburse the Department for overtime, travel, and certain other costs in connection with handling appeal inspections (H. Rept. 1862). p. 9524

4. FORESTRY. The Agriculture Committee reported without amendment H. R. 10321, to authorize exchange of lands within the Estes Park Administrative Site, Roosevelt National Forest, for lands of equal value outside the Forest (H. Rept. 1863). p. 9524
5. RECLAMATION. The Interior and Insular Affairs Committee reported without amendment H. R. 8645, to amend the Reclamation Project Act regarding the repayment of contracts on reclamation projects (H. Rept. 1861). p. 9524
6. CIVIL WORKS. The Appropriations Committee reported without amendment H. R. 12858, making appropriations for civil functions administered by the Army, Interior, and TVA for 1959 (H. Rept. 1864). p. 9524
7. UNEMPLOYMENT COMPENSATION. Passed with amendment H. J. Res. 624, making appropriations to the Department of Labor for unemployment compensation payments, including former Federal employees. This measure had been reported without amendment earlier by the Appropriations Committee (H. Rept. 1860). pp. 9467-68, 9524
8. FARM PROGRAM. The "Daily Digest" states as follows: "Committee on Agriculture Met in executive session for consideration of a proposed omnibus farm bill. Committee will vote in executive session tomorrow on the respective sections thereof." p. D516
9. PERSONNEL. Agreed to the conference report on S. 72, to increase annuities payable to certain annuitants from the civil service retirement and disability fund. pp. 9466-67
Received from the State Department a proposed bill "to encourage and authorize details and transfer of Federal employees for service with international organizations"; to Post Office and Civil Service Committee. p. 9523
10. FOREIGN AID. Conferees were appointed on H. R. 12181, the mutual security authorization bill. (p. 9510) Senate conferees were appointed June 6.
Received from the State Department a report for 1957 on major changes in the mutual security program. p. 9524

SENATE

11. APPROPRIATIONS. Passed as reported H. R. 10589, the general Government matters appropriation bill for 1959. Senate conferees were appointed. p. 9426
Passed with amendments H. R. 11574, the independent offices appropriation bill for 1959. Adopted the committee amendments which include \$100,000 for farm housing research, and amendments by Sens. Magnuson to require construction of Federal Office Building No. 6 in D. C., and by Sen. Dirksen to allow all 29 contracted-for lease purchase buildings to be constructed. Senate conferees were appointed. pp. 9426-32
The committee report on the independent offices bill included the following statement:
"The committee recommends to be inserted in the bill the item for farm housing research, in the amount of \$100,000, to continue the program started last year with \$75,000 in the supplemental bill, to carry out the provisions of section 603 of the Housing Act of 1957 through grants for research, study, and analysis to be conducted by land-grant colleges.
"In this connection, the committee believes that this phase of such research should be concluded within the amount recommended, and that any further research on this subject should be done within the funds appropriated to the Department of Agriculture."

It is estimated 20,000 widows of deceased Federal employees will benefit by this provision.

Mr. Speaker, this is a fair conference agreement, arrived at by the two Houses of Congress. I believe it can be approved by the President. It will give 330,000 retired Federal employees and their survivors needed increases in their annuities beginning with the month of August, this year.

(Mr. BALDWIN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BALDWIN. Mr. Speaker, I rise in support of the conference report on S. 72.

This measure will give a much-deserved increase in the annuities of retired Federal Civil Service employees. These retired civilian employees have been squeezed by a steadily increasing cost of living, and this annuity increase is very badly needed.

I am very pleased that this bill also provides that payments shall be made to widows of those Federal civilian employees who retired prior to 1948. These widows should certainly be entitled to receive the same consideration as widows and employees who retired after that date. Our Federal civilian employees have contributed their time and their efforts to conduct the Government of the United States during their many years of service. We should not and must not forget them when they have retired.

Mr. RHODES of Pennsylvania. Mr. Speaker, I favor this legislation to provide increases in the annuities of retired civil service employees and their survivors.

The cost of living has risen by more than 7 percent since enactment of the last annuity increase in the fall of 1956. Rising prices have reduced the purchasing power of those living on fixed incomes and have caused severe economic hardships to many civil service retirees, surviving spouses and dependent children. They are more than entitled to the increases provided for in this bill.

Many of us would have preferred a larger percentage increase. The average age of civil service retirees is 67, making it extremely difficult for them to supplement their annuities by private employment, especially in these times of heavy unemployment. Moreover, it is estimated that 40 percent of the annuitants receive less than \$100 a month and the average survivor annuity is only \$50 a month. While the 10 percent increase provided for in this bill will cover the increases in the cost of living, it will do little to raise the overall standard of living for these persons.

Mr. Speaker, I am pleased that this measure finally provides for annuities for the so-called "forgotten widows" of government employees who died prior to February 29, 1948 and had 10 years of creditable service. I shall vote for the conference report as the best obtainable increase possible at this time. This measure is an important step forward in meeting our responsibilities to retired civil servants who have devoted a lifetime of service to their fellow citizens.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MURRAY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks in the RECORD on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

COMMITTEE ON AGRICULTURE

Mr. GATHINGS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Machinery and Manpower of the House Committee on Agriculture be permitted to sit during general debate on the Reciprocal Trade Agreements Extension Act today and tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

TEMPORARY UNEMPLOYMENT COMPENSATION ACT OF 1958

Mr. FOGARTY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H. J. Res. 624) making additional supplemental appropriations for the Department of Labor for carrying into effect the provisions of the Temporary Unemployment Compensation Act of 1958, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to 20 minutes, the time to be equally divided and controlled by the gentleman from New York [Mr. TABER] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Rhode Island.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of House Joint Resolution 624, with Mr. THOMPSON of Texas in the chair.

The Clerk read the title of the joint resolution.

By unanimous consent, the first reading of the joint resolution was dispensed with.

Mr. FOGARTY. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, this is the appropriation for the Temporary Unemployment Compensation Act of 1958 that we have just enacted into law. The law was signed by the President on last Wednesday. We received the request for funds on Wednesday afternoon. Our subcom-

mittee met on Thursday, held hearings with Department of Labor officials, and approved the request. The full Committee on Appropriations met this morning and approved the full request, as recommended by the subcommittee. Benefits are to be paid under this act, starting on June 19, which is 1 week from next Thursday, and that is why the Committee on Appropriations has tried to expedite this appropriation bill so that we would not interfere in any respect with those who are out of work being paid what they are entitled to, starting a week from next Thursday. If we pass this appropriation, it will then be up to the States to ratify their agreements with the Secretary of Labor.

This resolution calls for an appropriation of \$665.7 million, of which \$640 million will be for payment of benefits, \$25.1 million for State administrative expenses and \$60,000 for administrative expenses of the Department of Labor.

Now, all States, we are sure, will accept the extension of the basic agreements with the Department of Labor for payment of unemployment compensation for Federal workers and Korean veterans, because this cost will be borne by the Federal Government. If all States participate in the entire program provided for by the act, the estimate is that 2,650,000 will be eligible to file claims under this program. The Department of Labor estimates they will be eligible for benefits for an average of 8½ weeks. It is not known yet how many States are going to participate; it is too early. But the committee felt, rather than take a chance on not having sufficient funds to pay all of those who are eligible, that we should approve the full amount, especially since, under the law, the expenditure of these funds is to be only for the specific purposes spelled out in the law, and anything else will revert to the Treasury of the United States.

Mr. TABER. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I do not believe any such amount as \$665 million, which was proposed by the Bureau of the Budget and approved by the committee, is going to be used or is needed for any contribution or advancement by the Federal Government to the States for unemployment insurance.

I have looked over the receipts and disbursements of the Federal Government in this connection, and I find that even in the month of May this year the withholding tax upon income of employees is larger this year than it was last. For the whole 11 months it is \$943 million above last year. For the month of May alone, the latest month reported, it is \$47 million larger. The receipts on account of social-security tax are \$860 million larger. The only smaller item is the tax for the railroad retirement trust fund, which has dropped off to the tune of \$36 million. The States' deposits on account of unemployment security taxes have dropped off \$8 million.

It is true that the disbursements of all these funds have gone up and the unemployment insurance has gone up \$1,263,-

000,000. The social-security trust funds payments have gone up \$1,306,000,000.

I insert herewith a table showing the receipts and the disbursements of the major items. Frankly, these tables show that the unemployment picture is not as great as it has been talked up, and it is also true that the wages paid out must have gone up even in the last quarter of the year to have the receipts on account of taxes and social security holding up as well as they are.

However, I shall not offer any motions. I am just going to present this picture so that the people can see just what the truth is about conditions. These are the tables which I said I would insert:

Receipts	
Withholding tax on income:	
1957-----	\$24,126,075,183.99
1958-----	25,068,990,450.99
Social security tax receipts:	
1958-----	6,959,193,033.82
1957-----	6,098,786,453.20
Unemployment insurance from $\frac{3}{8}$ of 1 percent tax:	
1958-----	336,487,984.11
1957-----	328,721,123.73
Deposits by States in unemployment trust fund:	
1958-----	1,558,053,673.15
1957-----	1,566,324,558.02
Railroad retirement tax:	
1958-----	532,352,605.77
1957-----	568,138,629.46
Disbursements	
Railroad retirement payments:	
1958-----	\$668,887,360.16
1957-----	625,899,673.98
Federal old age and survivors trust fund:	
1958-----	7,286,565,171.46
1957-----	5,980,878,461.40
Unemployment disbursements to States:	
1958-----	2,776,429,292.21
1957-----	1,513,530,232.47

Mr. FOGARTY. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Does the gentleman from New York have any further requests for time?

Mr. TABER. No, Mr. Chairman.

The CHAIRMAN. The Clerk will read the joint resolution for amendment.

The Clerk read as follows:

Resolved, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of Labor for carrying into effect the provisions of the Temporary Unemployment Compensation Act of 1958, namely:

DEPARTMENT OF LABOR

Bureau of Employment Security

Temporary Unemployment Compensation

For carrying into effect the provisions of the Temporary Unemployment Compensation Act of 1958, \$665,700,000, of which (a) \$640,000,000 shall be for payment of temporary unemployment compensation to claimants as authorized by title I of the Temporary Unemployment Compensation Act of 1958; (b) \$25,100,000 shall be for the general administration of the temporary unemployment compensation program by the States, Puerto Rico and the Virgin Islands; and (c) \$600,000 shall be for expenses necessary for the general administration by the Department of Labor of the temporary

unemployment compensation program, including services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a) (not to exceed \$10,000), reimbursement to the States for salaries and other expenses of State employees temporarily assigned or detailed to duty with the Bureau of Employment Security, and direct payments for travel expenses, transportation of household goods, and per diem in lieu of subsistence while away from their regular duty stations in the States, at rates authorized by law for Federal employees: *Provided*, That this appropriation shall be available from the date of enactment of the Temporary Unemployment Compensation Act of 1958, and any obligations incurred between such date and the date of enactment of this act are hereby ratified and confirmed if otherwise in accordance with the provisions of this appropriation: *Provided further*, That this appropriation shall remain available until April 30, 1959.

Mr. LAIRD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAIRD: On page 3, line 5, strike out the period and insert the following: "*Provided further*, That notwithstanding any provisions of law to the contrary, no part of any funds appropriated by this act and expended for administrative costs in the payment of benefits pursuant to the Temporary Unemployment Compensation Act of 1958 to persons who exhausted their rights to benefits under title XV of the Social Security Act, as amended, or title IV of the Veterans' Readjustment Assistance Act of 1952, as amended, shall be included in any computations required under section 104 (a) of said Temporary Unemployment Compensation Act of 1958."

Mr. LAIRD. Mr. Chairman, this amendment clarifies section 104 (a) of Temporary Unemployment Compensation Act of 1958. It is quite clear from reading this act as enacted by the Congress on May 28, 1958, that the States would be required to repay to the Federal Government the administrative costs for paying benefits to unemployed under the Federal unemployment-compensation program for veterans and under the Federal unemployment compensation program for Federal employee exhaustees.

It is my understanding that some lawyers in the Department of Labor have interpreted section 104 (a) of the new Unemployment Compensation Act as meaning that any State not complying with the new Federal law will find themselves paying the administrative costs for Government employees and veterans presently administered through State systems if the State comes up with a plan of its own. This amendment is offered to resolve beyond any doubt the question as to whether it would be necessary to make recovery for administrative costs from any State in connection with these two Federal programs. During the past 3 days I have contacted as many members of the Appropriations Committee and the House Ways and Means Committee as possible. They are in agreement with this amendment.

Mr. Chairman, I yield to the gentleman from Rhode Island [Mr. FOGARTY].

Mr. FOGARTY. Mr. Chairman, this amendment clears up a technical matter in the basic act that was not recognized as being needed until after the subcommittee acted on this resolution. I commend the gentleman from Wisconsin

[Mr. LAIRD] for having discovered this in time to take appropriate action.

Mr. Chairman, this amendment has been discussed with all members of the subcommittee on both sides. It was discussed in the meeting of the full Committee on Appropriations this morning and it was agreed that this would be acceptable to the committee. The committee accepts the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was agreed to.

Mr. FOGARTY. Mr. Chairman, I move that the Committee do now rise and report the joint resolution back to the House with an amendment, with the recommendation that the amendment be agreed to and that joint resolution as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMPSON of Texas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the joint resolution (H. J. Res. 624) making additional supplemental appropriations for the Department of Labor for carrying into effect the provisions of the Temporary Unemployment Compensation Act of 1958, and for other purposes, had directed him to report the joint resolution back to the House with an amendment, with the recommendation that the amendment be agreed to and that the joint resolution as amended do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the joint resolution.

The joint resolution was passed.

A motion to reconsider was laid on the table.

EXTENSION OF TRADE AGREEMENTS

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 12591, with Mr. BOLLING in the Chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas [Mr. MILLS] will be recognized for 4 hours and the gentleman from New York [Mr. REED] will be recognized for 4 hours.

The Chair recognizes the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, the debate we are beginning today and the decisions that the House will make after the completion of this debate are of the highest importance. What the House decides with respect to the future of the reciprocal trade agreements program will have the most profound effects for many years to come. Indeed, I am convinced that our decision on this, the 11th extension of the trade agreements legislation, will be the most crucial one ever taken in the 24-year life of that program. On it will hinge, in important degree, the future course of United States foreign trade. Our domestic economy and our own foreign relations are therefore vitally involved.

Because of the importance of what we will do here, I am pleased that the rule under which we are working does not offer a take-it-or-leave-it proposition, but rather gives each Member an opportunity to choose what kind of trade and tariff policy the United States should have in the years ahead. Our choice is between the committee bill, H. R. 12591, which has the complete support of the administration, and the substitute bill, H. R. 12676, offered by the gentleman from Pennsylvania. These two bills are basically different. They represent diametrically opposite points of view with respect to trade policy. The consequences of each would be widely divergent. The committee bill is an effective and important step forward for reciprocal trade. The substitute bill would mean a sharp and abrupt reversal of the trade agreements program that would result in the destruction of the trade agreements system that has been built up over the 24 years of the program. It is far worse than no extension at all.

In view of the importance of the choice the House will make, it is essential that we understand clearly what each bill provides and what results would flow from the enactment of each. We must, therefore, level on this controversy to our maximum abilities in order to avoid a mistake that can be most serious to our future and which can occur through lack of understanding.

As the House knows, on January 30 of this year I introduced H. R. 10368 embodying the recommendations of President Eisenhower, at his request. The committee held 6 weeks of public hearings in February and March. Upon completion of the public hearings, the committee held executive sessions from April 23 to May 21. We examined critically the existing legislation and its administration; we studied carefully all the amendments that had been recommended, both in the public hearings as well as in executive session. I think it is fair to say, and I trust that the mem-

bers of the Committee on Ways and Means will bear me out, that the consideration that the committee gave to the legislation this year was more exhaustive and intensive than the consideration that it has ever given this legislation since 1934.

As a result of this study, the committee adopted 11 amendments to the bill as introduced and I introduced a clean bill, H. R. 12591. On May 21 the committee ordered this bill reported by a vote of 18 to 7.

As I have pointed out, the committee bill has the complete approval of the administration. We have had the cooperation of the administration and the leadership of both sides of the aisle in this work. Indeed, one of the principal provisions of the committee bill, that relating to congressional review of escape clause cases, was worked out with the assistance of the distinguished minority leader.

The committee exercised such care in its study for several reasons. We were acutely aware of the fact that whatever legislation we were to report would have an important bearing on our domestic economy and on the many segments of our economy that are directly and indirectly involved, both beneficially as well as in some instances adversely, by foreign trade. We were also keenly aware of the fact that whatever action this Congress took this year with respect to reciprocal trade would have very profound effects on the world at large, on the ability of the United States to execute successfully a foreign policy that is designed to strengthen the free world. The reciprocal trade agreements program has become the symbol of our foreign economic policy. It is an area in which the Congress has a direct and substantial influence on the future course of United States foreign relations. We were therefore aware of the gravity of whatever decisions or recommendations our committee made. We approached the subject with an open mind. Indeed, many of us have had serious questions about the manner in which the program has been administered in recent years. We sought, therefore, to accomplish two purposes. First, to have a meaningful and effective extension of the reciprocal trade agreements program that would serve well our country's needs, and secondly, to so perfect the administration of the program as to make it effective, but to do so within the framework of, and consistent with, the principles of the program itself.

It is clear to us that continuation—an effective continuation—of the trade agreements program is widely supported by the public at large. In the testimony that the committee received in public hearings there were substantially more people, representative of all segments of the economy and virtually all walks of life, who supported a 5-year extension of the reciprocal trade agreements program with adequate authority than those who were opposed to such a program. In some respects this was very curious, for when the committee hearings began in February the prevailing appraisal was that there was in-

creased opposition to reciprocal trade. Yet, for the first time within my memory, the proponents of the program outnumbered the opponents in the public hearings before the Committee on Ways and Means.

There are many reasons why this is the case. First, our own economy has in increasing degree become dependent on high and expanding levels of world trade. Our extraordinary productivity is reflected in the phenomenal expansion of our capacity to produce goods and services. Today, more than ever before, we are a surplus economy that requires world markets, and growing world markets.

I know that there are many who have contended that because of the economic recession that we are presently experiencing that this would be a bad time to take any action that would lead to an expansion of world trade, and that rather than to act to expand world trade it would be far better to restrict imports and hence, of course, to restrict exports. I have studied the matter carefully and have come to the conclusion that balanced expansion of our foreign trade clearly adds to our total level of domestic production and employment. We would be poor students of history if we did not recall that in the depth of the great depression in 1930 the United States enacted the most protective tariff ever in our history. The results of that action were to aggravate the economic depression that we were experiencing. This would be the consequence of any similar action today. Enactment of the substitute bill offered by the gentleman from Pennsylvania could be compared accurately in the circumstances of today with enactment of the Smoot-Hawley tariff in 1930. We realize that in the recession of 1953-54 and in the earlier recession of 1949, the maintenance of our exports, and indeed their increase, were important factors in maintaining and stimulating domestic production and employment that was so sorely needed.

With respect to the recession we are experiencing today, its impact has been peculiarly severe in the capital goods and consumers durables industries. These are the industries typically that rely on the export markets to absorb an important portion of their production. To take a retrogressive step today with respect to our foreign trade policy could have only adverse effects on our domestic economy. Thus, for reasons of stimulating demand at home and for reasons of maintaining the progress in expanding world trade to which our domestic growth is to so important a degree geared, we must have an effective continuation of the reciprocal trade agreements program.

Secondly, as I have already suggested, the position of the United States in the world demands extension of the reciprocal trade agreements program in a manner that is consistent with the traditions of that program. We cannot escape the fact that our position in the world economy is such that whatever acts we take will have magnified effects on the economies of many of the free-world nations. If we note that the United States with

only 6 percent of the world's population and 7 percent of its land area, nonetheless accounts for 40 percent of the world's production, we will perceive the dimensions of that to which I am referring. Although we are relatively self-sufficient in a purely economic sense, we are clearly not self-sufficient in a political and military sense. If we are to maintain these alliances and these arrangements in the world that are so essential to our own security, particularly in this new age of thermonuclear warfare, we must give careful regard to the implications of our actions for our friends and allies in the free world. Trade, for many countries, is the very life blood of their economic system. For them the expansion of trade is essential, and their trade with the United States in particular, is of critical importance. We have heard a lot about dollar shortage, but whether you call it a dollar shortage or not, the simple fact remains that in 1957, the United States exported \$19.5 billion worth of commercial, non-military goods, whereas we imported only \$13 billion worth of goods. Thus we were still shipping to the rest of the world over \$6 billion more worth of merchandise than we were importing from the rest of the world. The margin of financial strength of a great many of the major trading countries of the world is so slim that any retrogressive step by us would certainly prejudice our exports to them, and would thus reduce the prospects for economic growth in their own countries because of their inability to finance purchases from us through sales to us.

Two factors in particular have come to the fore in the last year or two which have special significance for us.

The first is the Communist bloc offensive against the free world in the field of trade and aid. This economic offensive is no myth. It is not the figment of someone's imagination. It is a harsh reality. At the end of last month, 12 Soviet bloc countries met together in a conference at Moscow, and they agreed to integrate their economies and pursue joint economic policies. And for what purpose? Principally for the purpose of concerting their efforts in making an economic drive, a trade-aid offensive against the free world. Only a few days ago, Premier Krushchev wrote a letter to the President encouraging, or attempting to encourage, the expansion of trade between the Soviet Union and the United States. These blandishments seem innocent and attractive on the surface, but they are as innocent as the invitation of the spider to the fly. It is clear that unless the free world can trade among itself and unless such trade offers the prospect for growth and expansion in keeping with the expansion of the productive capacities of the free world economies, then the Soviet bloc will come in and take up the slack. Nothing dramatic will happen, but we will see a progressive deterioration in the fabric of the free world economy, and as this deterioration takes place, you can be sure the Communists will exploit it to the hilt. "What can we do to counter the Soviet offensive?" We ask ourselves. Surely the weapons

we have are limited in this field. We do not engage in state trading. We practice and encourage the practice of free enterprise. The established and accepted instrument of our policy in this field is the reciprocal trade agreements program. It may not be sufficient by itself, but surely not to use it to best advantage would be simple abandonment of one of our important weapons. The substitute bill would result in a wanton abandonment of this cold-war weapon.

As we surveyed the situation, we found that one of the critical areas of the world, indeed the most important to us in terms of our structure of alliances and in terms of our historical attachments, is Western Europe. Europe is highly important to our trade. American trade with Western Europe has been expanding faster than with any other part of the world and accounts for about a quarter of our total exports. The economy of Western Europe, with the help of the Marshall plan, has enjoyed a phenomenal recovery from the destruction of World War II. Our tariff policy is of special significance to Western Europe and, in turn, the tariff policies and trade policies of Western Europe are of special importance to us.

It is vital, therefore, for us to take into consideration the situation of these Western European countries in considering our tariff policy. It is in this area of trade that the trade agreements program and its extension offers especially important prospects that will be mutually beneficial to Europe as to ourselves. Here I refer particularly to the development and establishment of a common market among six countries of continental Europe, namely, France, Germany, Italy, Belgium, Holland, and Luxembourg. And, in addition, the prospective development of a free trade area, including such countries as Great Britain, the Scandinavian countries, Switzerland, and Austria. The development of this common market, and the prospective development of the free trade area is important for a great many reasons to the United States. For one, it represents a culmination of the efforts begun under the Marshall plan a decade ago to develop a mass market and integrated economy in Western Europe. On January 1 of this year this common market treaty came into effect. Over a period of 12 to 15 years, by progressive elimination of all restrictions on trade and commerce between the six countries, there will come into being a common market similar to that which we have among the 48 States of the Union. These six countries will work out a common tariff on goods coming in from the outside world—there will thus be free trade within the common market, and a single tariff on the outside. For many reasons, both economic and political, it is very much to our interests to see to it that this common market has a liberal orientation toward trade from the United States. For one, we export \$3 billion worth of goods to the six countries alone, and if the free trade area were taken into consideration, our total exports to these countries would amount to almost

\$5 billion, that is almost a quarter of our total export trade. Producers within this free trade area would have a pronounced advantage because they will have no tariffs to face on their trade within the common market. Producers on the outside will have to jump the hurdle of the common tariff, which is the average of the existing tariffs, before they can enter into the market. From a purely economic point of view, given the fact that Western Europe is likely to continue to be our fastest growing market for our exports, it is essential that we be able to enter into a trade agreement with the common market so as to effect a reduction in this average tariff that will be established. From a political point of view also, it is important that the European countries should not become a high tariff protectionist bloc within the free world. If that were to happen, then the division of NATO would soon follow, and the very core and keystone of our system of alliances would be threatened.

Thus at the very basis of our thinking about the present extension of the trade agreements program, we are faced with the necessity for so extending the program that trade agreements can be made with the common market in Europe, and with the free trade area countries, agreements that will be effective in assuring to our exporters an increasing share of expanding world markets and in maintaining the close relationships that exist between the United States and these vital countries. It is for this reason that the committee has recommended a 5-year extension of the trade-agreements program and the authority to the President that would make it possible to enter into a trade agreement with the common-market countries.

When I first began to study this matter, I had reservations with respect to the 5-year term of the extension. I recognized that at no time in the history of the program has it been extended for a period of more than 3 years. Yet it became clear that to extend it only to 3 years would not permit the President to do the essential job that has to be done with this authority. The timetable of the common market was such that a 3-year extension would render uncertain the future authority of the President just in the middle of the period in which he would be negotiating a trade agreement with the common market. A 4-year extension would be a bare minimum of time necessary to complete such a negotiation. A 5-year period permits just that margin of safety which makes it possible under the present timetable, and allowing for some slack in that timetable, to consummate an effective trade agreement with the common market. In order to do what has to be done, a 5-year extension is absolutely essential.

It was also necessary to give the President sufficient authority so that a trade agreement can be negotiated and placed in effect. Under the committee bill there are three alternatives which the president may use. All of these alternatives would, of course, be subject to the peril point procedure which the committee itself amended. That is, the

existing safeguards will remain and will be strengthened in the committee bill. The authority to reduce tariffs, as I have indicated, will involve the use of one of three permitted alternatives. First a reduction by 25 percent; second, a reduction by 2 percentage points; and finally, the third alternative, which is a continuation of the authority contained in the 1955 extension act, namely the authority to reduce to a rate of 50 percent ad valorem any rate in excess of 50 percent ad valorem. Any reductions brought into effect under any of these alternatives will have to be brought into effect in stages, that is, the committee recommends continuation of the provision of the 1955 extension which requires the gradual staging of any reductions brought into effect under a trade agreement made by this authority. The three alternatives are designed to limit the President's authority while at the same time providing adequate authority. The three alternatives make it possible to confine the reduction authority in such a way as to limit each alternative to different ranges of the United States tariff. Thus, for tariffs in excess of 50 percent ad valorem the third alternative would apply. For tariffs between the rate of 8 percent ad valorem and 50 percent ad valorem, the first alternative—that is, to reduce tariffs by 25 percent—would apply. And for rates of duty less than 8 percent ad valorem, the second alternative—that is, reduction by 2 percentage points—would apply. It was felt that such a breakdown into alternatives would be more sensible than giving a blanket authority of a larger amount that could be used with respect to any tariff rates at all.

These are the essential provisions of the committee bill. These are the provisions that make for a realistic and effective continuation of the trade agreements program, consistent with basic principles and objectives of the program. They constitute a minimum required to accomplish that purpose and the needs of this hour.

The substitute bill provides for no actual extension of the program and certainly for no additional authority that can be used. It ostensibly involves a 2-year extension. Let us be clear about that. The 2-year extension is nothing more than a cynical tactic designed to give the outward appearance of extending the program whereas, in actual fact, the program would be converted into a vehicle for extreme protectionism.

As I indicated at the opening of my remarks, the committee was very much concerned, and gave close attention to perfecting the administration of the program by so modifying the provisions of existing law that better assurance would be given that the safeguarding provisions would be effective in those cases in which there was demonstrable evidence that they should be implemented. We sought to make such perfecting amendments in a manner which was consistent with the trade agreements program. We were determined not to pervert the purposes of the trade agreements program from one that sought the expansion of trade to one

that would inevitably result in the contraction of trade. The amendments that the committee bill offers to existing legislation I think are of extreme importance, and will be of very substantial benefit in the administration of the program.

The one that has been most prominently discussed is the amendment to the escape clause procedure whereby, if the President rejects in whole or in part the Tariff Commission recommendation, the Congress can, by concurrent resolution requiring two-thirds vote of those voting in each House and within a 60-day period, put into effect the Tariff Commission's recommendations. The committee bill provides that such a concurrent resolution will enjoy a highly privileged status so that consideration by the House can be brought to bear without delay. This provision of the committee bill was worked out with great care. It recognizes the essentiality of providing for Presidential review of Tariff Commission findings with respect to injury under the escape clause. It provides an effective way in which the Congress can give post-audit to any decisions under the escape clause and take action with respect to such decisions if the Congress agrees that such action is necessary, even though the President has decided to the contrary.

We recognize that there are important legal and constitutional issues involved in such a procedure. In order to remove questions of doubt as to the constitutionality of this procedure it is necessary to provide that the concurrent resolution be acted on by a two-thirds vote in each House.

The advantages that this provision would have are real and tangible. It would provide a regular procedure as part of the escape clause whereby the committees of the Congress and each House of the Congress could review every action taken under the escape clause in which the President has rejected a Tariff Commission finding.

This provision of the committee bill has been compared with a provision of the substitute bill relating to the escape clause. They are entirely different. The provision of the substitute bill would make escape-clause findings of the Tariff Commission final and binding—the President would not be able to review these findings in the light of the total national interest.

The elimination of the President from the program and the enshrining of the Tariff Commission as the supreme authority is the hallmark of the substitute bill; it characterizes every provision of the bill. The President of the United States would become the messenger boy of the Tariff Commission.

I am at a complete loss to understand the philosophy of the substitute. Its proponents say that they want to return the power over tariffs to the elected representatives of the people. But who elected the Tariff Commission? And is not the President of the United States an elected official of all the people? Can we not let him share with the Tariff Commission and the Congress the responsibility in escape-clause cases? If

we cannot, we had better take a second look at the responsibilities that the President now has in other areas were literally the life and death of the people of the United States are involved.

The committee bill contains several other improvements in the escape clause. First, the committee bill provides for an increase in the authority to raise rates of duties under the law. Under existing law, the limit to which duties can be raised is 50 percent above the rate in effect on January 1, 1945. The committee bill provides that the limit would be 50 percent above the rates in effect on July 1, 1934. We gave serious attention to this provision. There were many who felt that it was entirely inappropriate to provide authority to raise rates of duty to 50 percent above the rates in effect under the Smoot-Hawley tariff, that is, 50 percent above the rates in existence before the trade agreements program first began to have any effect on the United States tariff. But we were cognizant of the fact that, under existing law, it is possible to impose import quotas if the maximum rate of duty possible was not adequate under the escape clause. In order to avoid the use of import quotas we, therefore, felt that it was desirable on balance to provide this additional authority.

The consideration of avoiding import quotas also was of importance in adopting the provision in the committee bill permitting transfer of articles from the free list to the dutiable list with a limitation of a rate of 50 percent ad valorem as the highest rate that could be applied under this procedure. Here again with respect to items that are on the free list and have been bound on the free list in a trade agreement, if an escape clause action were taken with respect to such an item the only remedy that could be applied has been the imposition of an import quota. It was the feeling of the committee as expressed on page 9 of the committee report that the use of import quotas was entirely inconsistent with the philosophy of the trade agreements program, that they were a most severe and restrictive limitation on import trade, and that, therefore, their use should be avoided whenever possible. In an effort, therefore, to prevent and minimize the use of import quotas under the trade agreements legislation, this additional authority is given to impose rates of duty on duty-free items under the escape clause.

The committee bill contains other amendments to the escape clause procedure. In an effort to expedite and make more certain the administration of the escape clause provision; the Tariff Commission is instructed to complete its investigations in 6 months rather than in 9 months. We do not believe that this shortening of the period of time would be unduly burdensome on the Tariff Commission. In order to compensate, in those instances where it is applicable, for the reduction in time, the Commission is given subpoena powers similar to those which it has with respect to its responsibilities under the Tariff Act of 1930 for use in escape-clause investigations and other respon-

sibilities conferred on the Commission. This should permit acquiring the information necessary in order to complete escape-clause investigations without delay and thus to expedite such investigations.

Finally, to make clear that it is not only representatives of producing enterprises who have an interest in the escape clause mechanism, the committee has made explicit that organizations or groups of employees can file an application for an escape-clause investigation.

In addition to the modifications in the escape clause procedure that I have just described, the committee bill also provides for modification of the peril-point procedure. First, the period of time within which the Commission must complete its peril-point investigations is increased from 120 days to 6 months. It was felt that the Tariff Commission's responsibilities under the peril point should be executed as carefully as possible. The addition of 2 months would permit more careful peril-point investigations and therefore better advice to the President under the peril-point provision. This is particularly important with respect to the prospective negotiation of a trade agreement with the common market. Given the timetable for such a negotiation this additional 2 months should not hinder that negotiation while it would assist in preparing for it.

Another amendment to the peril-point procedure provides that in those instances where the Tariff Commission finds—with respect to an item listed for possible trade agreement negotiation and on which there has previously been a concession made—that the existing rate of duty is not adequate to prevent or remedy serious injury, it shall immediately institute an investigation under the escape clause without the delay that would presently be involved. This provision makes clear that it is the escape clause that is the principal vehicle for modifying existing concessions and for bringing into effect higher rates of duties where those are indicated after careful study has shown the threat or existence of serious injury due to imports. It would also remove the onerous responsibility of having to employ a trade agreement negotiation, which is designed to effect reductions in duties, as a means of bringing into effect higher rates of duties.

The Committee looked very carefully into the national security provisions of existing law. We heard a good deal of testimony during the course of the public hearings on the provisions of section 7 of the 1955 Extension Act, commonly known as the national security amendment. The Committee had considerable doubt as to whether, given the broad delegation of authority involved in that section, the standards and criteria laid down were adequate to guide in the administration of this authority. Moreover, we were concerned with the complete absence of procedures for the implementation of this authority. In order to remedy these very apparent imperfections and to make clear the purpose

and the manner of implementation of the national security amendment the Committee bill has rewritten completely the national security provisions of existing law. The Committee bill sets down, in the first instance, a very clear expression of what the considerations are that should be taken account of by the Director of the Office of Defense Mobilization and the President in the administration of this section. It defines what considerations are relevant to making a determination as to the impairment of national security as a result of imports. It gives explicit recognition to the fact that it is not only the quantity of imports that may have consequences for the national security, but also the circumstances under which they are coming in: their use, their availability, their character. We indicated what matters must be studied as a basis for arriving at a determination: The availability of needed production, the capacity to produce the required goods and services and the requirements of growth of such productive capacity.

This provision of the committee bill also eliminates the present requirement of law for multiple investigations. Now only one investigation, by the Director of the Office of Defense Mobilization in consultation with the other appropriate agencies, will be required. Procedures have also been set down for initiating investigations, and the Director of ODM is called on to publish regulations to guide in the administration of this section. A report on the disposition of each case under this section is required, and, furthermore, a general report by the Director of the Office of Defense Mobilization on the overall administration of this section is to be transmitted to the Congress by February 1 of next year.

Among the other provisions of the committee bill are the following: The President is required to include in his annual report on the operation of the trade agreements program, which report was first called for in the 1955 Extension Act, a discussion and analysis of the progress made in removing restrictions against United States exports, including any discriminatory restrictions, what restrictions remain and what additional actions can be taken to secure the removal of such restrictions.

We have further expressed the sense of the Congress that during the course of negotiating a trade agreement under the authority of the legislation, the President shall seek the information and advice of representatives of American industry, agriculture and labor. This is to assure that the segments of the United States economy that are affected in one way or another by the negotiation of such trade agreements will have an opportunity to participate in formulating the policy that is to guide the President in the use of this authority.

And finally the committee bill contains a provision that has been embodied in the last several extension acts, indicating that enactment of the bill should not be construed as either approval or disapproval of the executive agreement known as the general agreement on tariffs and trade.

Mr. Chairman, the committee bill reflects careful and judicious study of the problems and the needs confronting the United States in its foreign-trade policy. This is a constructive bill that will accomplish much that is good for the United States. We have substantially and in important degree improved the existing safeguards. This is a bill which should commend itself to any Member of this House who has any sympathy for the reciprocal trade-agreements program.

Mr. Chairman, the United States is faced with a profound responsibility. No one of us can deny that. We want to assure continued growth in our domestic economy. We want to help develop a working economy in the world that will facilitate economic growth and rising standards of living throughout the world. There is no conflict between these two objectives. The bridge that joins them is trade; and expanding trade helps to advance both of these desired objectives at one and the same time. Expanding trade is not easily accomplished, yet it is of vital importance. From the nature of things we have to work hard to accomplish these objectives. The committee bill will help us to do that in an effective and realistic way. It will not solve all our problems. Nor even will it solve all the problems in the field of foreign trade that confront the United States. No formulation of the trade-agreements legislation could promise that. But we can be certain that the committee bill will be a constructive and important step in the direction of helping to solve these problems.

The substitute bill would destroy the Trade-agreements program. It is a rejection of responsibility. It is proposed to help the few, but if it does, it would do so at the expense of the many; at the expense of our economic wellbeing; at the expense of our national prestige and security in this troubled world.

The committee bill reflects in a responsible way the needs of the United States in this vital area of national policy. I urge its acceptance by the House.

Mr. REED. Mr. Chairman, I yield myself 15 minutes.

Mr. HOFFMAN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Eighty members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 89]

Allen, Calif.	Davis, Tenn.	Gubser
Anfuso	Dawson, Ill.	Gwinn
Auchincloss	Derounian	Hale
Avery	Dies	Hays, Ohio
Barden	Diggs	Healey
Barrett	Dollinger	Jackson
Bass, N. H.	Edmondson	James
Beamer	Fallon	Jenkins
Becker	Farbstein	Kearney
Breeding	Fino	Keating
Buckley	Fulton	Kelly, N. Y.
Byrd	Garmatz	Kilburn
Celler	Gary	Kluczynski
Christopher	Gordon	Landrum
Coffin	Granahan	Lennon
Coudert	Gregory	Lesinski
Cretella	Griffiths	Loser

McCarthy	Osmers	Sheehan
McGovern	Patterson	Shelley
McIntosh	Philbin	Shuford
Macdonald	Powell	Sieminski
Mailliard	Preston	Smith, Miss.
Marshall	Radwan	Steed
Martin	Reece, Tenn.	Taylor
May	Riley	Teller
Miller, Calif.	Rivers	Wharton
Miller, Md.	Robeson, Va.	Willis
Morano	Robison, N. Y.	Withrow
Morris	Rodino	Zelenko
Multer	Sadlak	
Nix	Seely-Brown	

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H. R. 12591, and finding itself without a quorum, he had directed the roll to be called, when 326 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. REED. Mr. Chairman, the legislation before the House of Representatives today has a very interesting background that has never appeared in the organized propaganda in support of it. It is doubtful if any proposed legislation ever had such widespread and powerful propaganda in its support as did the reciprocal trade agreement enacted in 1934 by the 74th Congress as an amendment to the Smoot-Hawley Tariff Act. It was a complete abdication by the 74th Congress of its constitutional responsibility under article I of section 8. It was claimed by the propagandists for the Trade Agreement that it would increase our exports and that it would bring peace and good will among nations. Churches and organizations throughout the Nation joined in the drive in support of the trade-agreement proposal. I opposed the trade agreement in 1934 as I have every proposal for its extension including this one. Much to the surprise of the sponsors of the Trade Agreement Act it did not increase our legitimate exports. But a foreign situation developed that gave an opportunity to increase exports. Hitler and Mussolini needed our material. This opportunity to increase exports by sending war material to Germany and Italy would fulfill the promise of increased exports under the trade agreement. The exports to Italy of war material, including planes and the fuel to run them, expanded exports much to the joy and justification of those who had promised increased exports under the trade agreement. Mussolini needed these exports from the United States to fight the Ethiopians. On a beautiful Sunday morning at churchtime, in a small Ethiopian village, the men, women, and children were on the street. Mussolini's son, driving an American export plane swept low over these church people and slaughtered them wholesale. Those who followed this holocaust saw a mother with her head blown off. A hungry baby was nursing at her breast. Mussolini's son reported to his father, "I made the village blossom like a rose." It was American exports that ravaged this village and made it blossom like a rose.

This increase in war exports opened new vistas to the proponents of the trade agreement. Japan needed war material to fight China, then a friendly nation of ours. The 1934 Trade Agreement Act failing to produce the promised exports, war between Japan and China opened an opportunity to build up exports of war material on a large scale to Japan. I set forth in the CONGRESSIONAL RECORD for July 9, 1942, at page A2869, the death-dealing exports as follows:

Japan launched her murderous assault against China on July 7, 1937. During the period from 1937 through 1940 we exported to Japan 8 million tons of scrap iron, steel, and scrap steel, and also thousands of tons of other essential war materials. The very year, 1937, that Japan opened war on China our exports of scrap iron and steel amounted to 2,081,037 tons, or enough to build 20 battleships of 45,000 tons each, 200 submarines of 2,400 tons each, 10 aircraft carriers of 30,000 tons each, and 26 cruisers at 15,000 tons each. The next year, 1938, our scrap and steel exports to Japan were 1,463,000 tons; 1939, 2,179,000 tons; and 1940, 1,248,000 tons.

At that point the United States foreign trade statistics, normally published every month by the Department of Commerce, became a military secret. No figures are available as to our metals exports to Japan in the first 11 months of 1941.

While this appeasement program toward Japan exhausted our supply of material with which to make steel for our own defense, it armed her to strike has dastardly blow at Pearl Harbor. More than this, the appeasement policy did not stop with furnishing Japan the material to build her navy, her air force, and her tanks. There was also exported to Japan from the United States during the year 1937, aircraft and parts valued at \$2,483,946; and the next year, 1938, \$11,062,777; in 1939, a total of \$3,306,000 in these items; and in 1940, \$933,000.

During these same years we also exported to Japan petroleum valued at \$219,856,062, with which to operate her war machine. It is interesting to note that of this vast shipment of petroleum, 555,456 barrels of it was aviation gasoline in 1939, and 776,499 barrels in 1940. The extent to which the appeasers went in arming Japan is disclosed by the official figures relating to the shipment of cotton, aviation gasoline, iron and steel scrap, steel ingots, blooms, tinplate and tin scrap, refined and scrap copper, motor trucks, aircraft parts, ammunition, and machine tools.

Our copper exports to Nippon showed a total of 717,277,918 pounds for the 5 years 1936-41, on a refined basis, beginning at about 5 million pounds for 1936 and swelling to 249 million pounds in 1939 and 233 million pounds in 1940.

Does any responsible person believe that without this vast quantity of war material, furnished by the United States to Japan, she could have held out against China for 5 years? What would have been the history of Pearl Harbor, Midway, Bataan, Corregidor, and the Dutch East Indies, if, instead of arming Japan, the same materials had been used by our Government to build up our own defenses?

This stupid program to increase exports stripped the United States of the necessary metal to build up our own national defense. The Ways and Means Committee was called in secret session to remove tariffs on metal scrap, old sugar mills, and steel rails from abandoned railroads in Central and South America to build up for our own national defense.

Now then, Mr. Chairman, I have listed the exports to Japan, let us see what they achieved. Our exports to Japan having been converted into planes and ships, here is the price paid in lives, blood, plunder, misery, broken hearts, and material loss. Over 100 Jap planes and a number of midget submarines attacked United States Pacific Fleet—86 ships—at Pearl Harbor at Hawaii, December 7, 1941—7:55 a. m., Hawaiian time; 1:25 p. m., eastern standard time. Totally lost: battleship *Arizona*; severely damaged: battleships *Oklahoma*, *Nevada*, *California*, *West Virginia*; 3 destroyers; 1 target ship; 1 minelayer. Damaged and repaired: battleships *Pennsylvania*, *Maryland*, *Tennessee*; cruisers *Helena*, *Honolulu*, *Raleigh*; 1 seaplane tender; 1 repair vessel; 1 drydock. Airplanes lost: Navy, 86; Army, 97. Japs lost 28 planes to Navy, 20 to the Army, and 3 submarines of 45 tons each. Casualties: Navy, 2,117 officers and men killed, 960 missing, 876 wounded; Army, 226 officers and men killed, 396 wounded.

Thus our exports of war material cost the lives of 2,343 American boys, and 960 boys missing, 867 boys wounded. There would have been no Pearl Harbor had it not been for our exports under the trade agreement.

That is the history of where we get the appeal from the humanitarians of this country to extend this iniquitous legislation.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. REED. I yield.

Mrs. ROGERS of Massachusetts. Up in the port of Boston shipload after shipload of scrap went to Japan, and that scrap iron came back to hurt us at Pearl Harbor and other places during the war. That scrap and cotton—and much cotton was shipped to Japan as another material of war—could have been used in developing our textile mills and other mills and industries in the State of Massachusetts, and in other States of the Union, and in developing our war industries to help our soldiers.

Mr. REED. I protested on the floor of the House as urgently as I could at the time.

Mrs. ROGERS of Massachusetts. Yes; so did I. I constantly warned the Congress and the country of the danger of attack from Japan. I pleaded with the State Department and the President to act to save the United States of America.

Mr. REED. That and the ghastly carnage of our American boys at Pearl Harbor as a result of the unconstitutional delegation of powers under the Trade Agreement Act cannot be successfully defended or justified. The trade-agreement advocates try to justify it on the basis of increased exports.

Much is broadcast to the country about our present huge exports. Just so long as the American taxpayers will tolerate the present tax burden to furnish purchasing power to foreign nations they will, of course, buy our exports.

It is my personal opinion that unless the Congress recognizes the danger to our economy caused by excessive imports now entering our market more and more men and women will be made jobless in the United States. At this very time men and women are losing their jobs because Congress abdicated its constitutional responsibility in 1934. Each time Congress extends the Trade Agreements Act it is constitutional abdication. There are certain duties which Congress cannot delegate. The duty to legislate is one. This duty it cannot shift. It cannot be evaded. The judgment and discretion of the lawmaker Congress cannot delegate, not even to the President. The refusal to exercise that judgment and discretion is abdication and nothing else. This power is so exclusively the power of Congress itself it is incapable of transfer. It was confided to the representatives of the people, by the people of our country, in the creation of the American Republic. It is a part of the fundamental scheme of American constitutional government.

The Founding Fathers of America insisted on a government of laws—not of men. Not even the greatest of their contemporaries—not Washington himself—would they consent to clothe with unchecked personal authority. To the everlasting credit of George Washington, the greatest and most venerated of Americans refused every proffer of power that was personal and arbitrary.

The men who follow the line of battle to bury our dead soldiers tell us that in the dying hour the soldiers unclasped their weapons and reached for their inner pockets to touch some faded letter, some keepsake of mother, wife, or sweetheart, which teaches us that our boys were not fighting because of the abstract rights of man; they were fighting because of the love of God and home and native land. Not so at Pearl Harbor when more than 2,000 of our American boys were killed and sent to the bottom of the ocean to have their shattered remains eaten by the sharks. Then, too, 960 boys were missing, sunk without a trace; 760 wounded. These men had no opportunity in their dying hour to touch some letter or keepsake of loved ones. It was our exports that maimed and destroyed our boys at Pearl Harbor. The ships could be rebuilt and sailed again, but our boys were wiped out by our exports—gone—and gone forever.

Many times I have seen the children of Members and grandchildren on the floor of the House. These, like millions of children in our schools, will soon be citizens of the United States. As we legislate here, and I think of these coming citizens, I recall the words of John Ruskin: "Therefore, when we build, let us think that we build forever. Let it not be for present delight, nor for present use alone; let it be such work as our descendants will thank us for, and let

us think, as we lay stone on stone, that a time is to come when men will say as they look upon the labour and wrought substance of them, 'See. This our fathers did for us.'"

Mr. Chairman, is that what our future citizens will say as they look upon our shattered Constitution: "This is what our forebearers did—not for us, but to us."

When and if this Congress does extend the so-called Trade Agreement Act to 5 years, the disaster to this Republic is too shocking to contemplate.

The expansion and preservation of our domestic market are essential to the very preservation of our free enterprise system and the only basis upon which our economic system can survive under a representative form of constitutional government.

I was elected to the House of Representatives in November 1918 and was sworn in at a special session in May 1919. Economic conditions at that time posed problems in many respects that exist throughout the United States today. It was at the close of World War I. A low tariff act—the Underwood Tariff Act—was on the books. The war had acted as an embargo on imports. As soon as peace was declared the prow of every foreign ship was turned toward our ports laden with competitive imports. Our industries, except a few war industries, were closed; Their furnaces banked—not a shroud of smoke from the smoke stack of our industries. Soup kitchens were organized in every community in the United States. There was no unemployment compensation to relieve labor. The imports flooded the Nation. Our chemistry industries were wiped out. It was only restored when the German chemical formulas which had been taken over by the alien property custodian and which eventually became the property of our chemical industries were put in operation. I recall that immediately following World War I the Germans proposed, as a means of paying off their indemnities, to sell \$20 million of dyes per month in the United States. I say to my colleagues in the beautiful southland, beware of failure to protect your thriving chemical industry. History has a way of repeating itself.

I recall that following World War I the deluge of competing imports came as a surprise. At that time billions of our taxpayers dollars had not been furnished to rehabilitate the industries abroad as has been the case following World War II. With modern machinery and a destructive differential in wages here and abroad, the necessity for the protection of our domestic market is far greater than at any time in the past.

WAGE RATES

The average earnings per regular worker in the Japanese chemical industry in 1953 was 26 cents. Compared with \$1.83 for workers in the United States chemical industry.

The average hourly earnings for workers in the chemical and allied trade industries in Great Britain in April 1954 was 52 cents compared with \$1.88 for workers in the United States chemical industry.

The average hourly earnings of industrial workers in the chemical industries in West Germany in May 1954 was 41½ cents compared with \$1.90 for workers in the United States chemical industries.

Some typical examples of 1953 quotas will illustrate the effectiveness of quantitative restrictions which many foreign countries place against our exports.

American machine tools are not welcomed in Europe. No European country, except Switzerland, will allow imports of machine tools if domestic manufacturers can supply equivalent machines.

An American manufacturer of power tools had a sizeable prewar market in France. Today he is allowed to ship no more than \$3,000 worth of tools each year in which a 60 percent tariff is paid—the United States tariff on machine tools is 15 percent.

American manufacturers of heavy electrical power equipment find it virtually impossible to ship such equipment to Austria, Denmark, France, Western Germany, Ireland, Italy, Switzerland, or the United Kingdom. The government will not buy it and they will not permit their private industries to buy it.

Great Britain allows only token imports of certain American consumer products which were imported without restrictions before World War II. For example, under that quota one of the largest American manufacturers of electrical appliances shipped to England, in 1953, 1 dishwasher, 35 electrical ranges, 25 deep freezers, 19 washers and dryers, and 194 refrigerators.

According to the Economist—London—for December 11, 1954, the British quota for the year 1955 allowed only 650 American cars to be imported. The importer will have to pay a 33¼ percent or 22½ percent duty—depending on whether they were built in the United States or Canada.

Argentina, Austria, France, Egypt, Japan, Sweden, the Netherlands, and the United Kingdom are examples of the many nations which make extensive use of import licenses.

Our tariffs are the lowest of any major trading nation in the world. They have been the lowest in the world for some years. Yet, in addition to cuts made pursuant to the Trade Agreements Act, we have made over 55,000 concessions under GATT.

We are trying to legislate for small industry in this country. Do you know that more than two-thirds of these 55,000 items are made by small industries in this country? Nothing we are doing is going to help them as long as these imports come in here. I have plants in my district that are today being ruined by imports, and they are the very life blood of these communities. That is going on all over this Nation today. Then talk about the legislation we are proposing to help small industry. It just cannot be done.

I have lived through a period that two-thirds of the Members of this Congress have not lived through. I know what happened when we cut off imports after World War I. Everybody was employed and happy.

Sixty percent of our imports never did pay duties; they were not in competition

with our domestic products. The duties on other imports were imposed to reserve our home markets for our home producers.

One of the reasons for their protection was the relatively low pay of workers in other lands. To this has been added a new important factor: Low paid foreign workers now are operating the most modern machines paid for by our overburdened taxpayers. We hear so much in the press about the sorry plight of small business but not a word about what competitive imports are doing to the small business groups. Of the 55,000 concessions made under GATT, the great majority of the 55,000 tariff cuts are hitting the very life of small business in this country. Until small business is protected from the foreign products, any other form of relief is futile. I am for relieving small business but I want to be realistic about it. So long as we suffer and permit foreign producers, with high-speed machinery furnished by our taxpayers, to take over our domestic market and destroy our small business concerns, there is little help that will save small business.

What a pity, Mr. Chairman, that the 74th Congress did not heed the advice of that great and wise leader, Thomas Jefferson, when he said:

In questions of power then let's hear no more of confidence in men, but bind them down from mischief by the chains of the Constitution.

The church men, women, and children in the Ethiopian village would not have blossomed like a rose without our exports. The holocaust at Pearl Harbor would not have slaughtered, without warning, our American boys, destroyed our Navy, our planes, and subjected our Armed Forces to a most humiliating defeat without our exports.

Are you going to ignore the advice of Thomas Jefferson rather than assume your constitutional responsibility under your oath of office?

I hope today you will turn back the pages and stand upon your own feet as Americans and stand by your own market, which is the very basis of prosperity in the life of this country.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. KARSTEN].

(Mr. KARSTEN asked and was given permission to revise and extend his remarks.)

Mr. KARSTEN. Mr. Chairman, almost a quarter of a century ago when the 74th Congress enacted the Executive Trade Agreements program, its primary purpose was to help relieve the severe economic effects of the great depression. The major issue before that Congress was the lack of American purchasing power to buy the goods we were capable of producing. With more than 12 million unemployed in our country, and our exports abroad averaging less than \$2 billion a year, thousands of American factories, mines and businesses were closed for a single reason—a lack of customers at home and abroad.

Congress reasoned that if we could expand trade by developing foreign markets, it would create jobs for Americans.

In order to induce other countries to lower their tariff barriers, the United States took the first bold step in passing the first Reciprocal Trade Agreements Act in 1934. This program has provided employment opportunities for millions of American working men and women. It has created expansion opportunities for American business far beyond the possibilities contemplated by the 74th Congress. Our exports today are almost \$20 billion annually, and we have become the most important trading Nation on earth.

Aside from the primary economic factor, today there is a secondary consideration—equally important. Since the World War, the political strength of the United States in the free world has, in a large measure, become dependent upon our trading policies. Trade plays an extremely important economic role in our own country, but it is even more vital to most of our free-world allies. If we should renounce our Trade Agreements program this afternoon by adopting the so-called Simpson substitute bill that is to be offered at the conclusion of this debate, it would be a signal to the free world that we are taking the first step back to economic isolationism. When we reach that point, which is the point of no return, the non-Soviet countries will then be compelled to go elsewhere to sell their goods and services. They, in turn, will retaliate and we will lose our customers abroad.

I can tell you, the Soviet Union is willing and ready to take advantage of such a situation. The proof of this is contained in the Russian trade pronouncement of Josef Stalin which was made shortly before his death. Here is a copy of his 25,000 word statement published in Moscow in 1952. In this book, he laid down his formula for Russia to conquer the world without the firing of a single shot. He predicts that the capitalist countries, particularly the United States, will hamper the foreign trade of the smaller free nations to the point of frustration. The inevitable conclusion is that these free nations can then be easily drawn into the Soviet orbit.

This was the dream of Josef Stalin. It is what he hoped for in his book. The first edition ran over a million copies. The official Communist newspaper, Pravda, described the Stalin thesis as the greatest event in the ideological life of the Communist Party. I might quote a sentence from the Soviet paper:

Stalin's work will exercise an immense influence on the development of progressive Soviet science, help our cadres know the laws of social development and play a great role in the ideological arming of foreign Communist and workers' parties.

The Simpson substitute is a dangerous bill. It will hamper our foreign trade. It will hamper the foreign trade of our allies. And, it will divide ourselves from our trading partners in our common struggle against Soviet economic expansion. The Simpson substitute is almost what Mr. Stalin predicted. Vote for it if you will, but for myself, I cannot lend my support to the Russian leaders who are presently trying to carry out the

Stalinist trade doctrine. The late dictator's successor, Mr. Nikita Khrushchev, only last year openly challenged the free world when he said, "We declare war upon you—excuse me for using such an expression in the peaceful field of trade."

With these thoughts in the minds of the Soviet leaders, the nations of the free world are today watching the House of Representatives to see if we will extend our trade-agreements program, or whether we will follow the pattern prepared by Josef Stalin. If we should reverse our trade policy in an attempt to keep out foreign goods, no one in this Congress can foretell the economic and political consequences to ourselves and to the free world.

I believe the majority of the Members of the House are in favor of extending the reciprocal trade agreements program. The question before us today is how shall we accomplish this. The bill proposed by the Committee on Ways and Means is one of the most carefully prepared pieces of legislation ever to come before this House. All Members participated in the final drafting of the measure, and it represents the best efforts of the Committee on Ways and Means.

I should now like to call attention to some of the amendments of the existing trade-agreements legislation that would be made by the committee bill and the significance of the differences between the committee bill and the substitute bill in these matters. The features to which I should especially like to call your attention are those to which the distinguished chairman of the Committee on Ways and Means found it possible to give only passing attention in an earlier speech.

Mr. MILLS has already discussed the reasons for the 5-year extension proposed by the committee bill and the reasons why a 2-year extension proposed by the substitute bill would be inadequate at the present time even if in other respects the substitute bill would not cripple the trade-agreements program.

Mr. MILLS has also referred to the provisions of the committee bill regarding the quantitative limitations on the President's authority to reduce duties in pursuance of trade agreements with foreign countries. I should, however, mention some features of the rate-reducing authority provided for by the committee bill that appear not to have been understood in some quarters. At least a good deal of the comments by opponents of the trade-agreements program suggest that if the committee bill is enacted the maximum reductions of duty above referred to will inevitably and generally be made. This is not the case. The committee bill, like the original trade-agreements act, contemplates that reductions in duty would be made in pursuance of trade agreements only on a selective basis when and insofar as duties on particular elements in our import trade could be reduced without serious disturbances to the domestic economy.

There is no ground for the view that the authority of the President to reduce rates of duty in pursuance of trade agreements will be used by the President, any more than it has been in the past, indiscriminately and recklessly to reduce United States duties on particular imports in all cases and to the extent that the quantitative limitations permit. In fact one of the reasons for permitting decreases to the extent provided for, is that it will undoubtedly be determined in peril point proceedings of the Tariff Commission or in the deliberations of the President's advisers that many rates of duty should not be decreased at all. In the light of this consideration I believe that the quantitative limitations on the trade-agreement authority to reduce duties in cases where it is determined that such reductions can be made without damage to domestic industries should be as great as provided for by the committee bill in order that there may be bargaining power sufficient to influence the tariff policies of such entities as the common market and the free trade area.

Let me say a word here about the rate-reducing authority that would be provided by the substitute bill. That bill, on first examination, might seem to provide for continuance of the rate-reducing authority of the 1955 act insofar as that authority has not yet been utilized. Actually, however, it would not be feasible under the provisions of the substitute bill for the President to use even that authority. This is because of a number of features of the bill. The staging provisions of the existing law, which would be continued under the Simpson bill, provide that no reduction in duty in excess of 5 percent of the existing rate of one-third of the total reduction may go into effect in any 12-month period and the substitute bill would provide that no part of any decrease in duty could be made initially effective after July 1, 1960. Thus, if the substitute bill should be enacted, in the first year of its life no more than 2 of the 3 stages could become effective and in the second year no more than 1 of the 3 stages could be brought into effect. These features of the substitute bill are, however, perhaps academic because, as I shall later indicate, the procedural arrangements by which trade agreement negotiations would be circumscribed would effectively prevent any significant trade agreement negotiations in the 2 years for which the trade agreements authority would ostensibly be extended by the bill.

The committee bill would also provide additional authority to the President to increase rates of duty. Under the present legislation the President is authorized to increase the rates of duty on particular commodities to the extent of 50 percent above the rates in effect January 1, 1945. The rate-increasing authority of the President under the trade agreements legislation is, of course, of principal importance in connection with escape-clause proceedings. The committee will provide that the President could increase rates of duty to the extent of 50 percent above the rates in effect July 1, 1934. The significance of this

change is, of course, attributable to the fact that most rates of duty in our tariff were reduced in pursuance of trade agreements between July 1, 1934, and January 1, 1945.

The amendments of the escape clause provisions of the existing legislation provided by the committee bill would also authorize the President, in pursuance of escape-clause proceedings, to impose duties not to exceed 50 percent ad valorem on imports that are free of duty under other legislation.

The changes from the 1955 legislation with respect to the President's authority to increase rates of duty and to impose duties on imports that are free of duty under other legislation are designed to permit the avoidance of import quotas. I might mention that in the minority views set forth in the committee report the feature of the committee bill permitting the imposition of duties on goods otherwise duty-free is criticized on the ground that this provision would raise constitutional questions. There is little basis for that contention. It is difficult to see that the delegation of authority to the President to impose duties on duty-free goods would be more subject to some constitutional infirmity than the delegation of authority to impose quota restrictions on imports of such goods.

The committee bill would leave the preparatory and negotiating procedures as provided for by existing legislation intact, although the bill would declare it to be the intent of the Congress that the President during the course of negotiating trade agreements with foreign countries should seek information and advice thereto from representatives of industry, agriculture, and labor. This is intended to insure that persons familiar with the trade in commodities to which the negotiations relate should be drawn upon at later stages in the negotiations as well as in the preparatory stages.

The committee bill would also amend the peril-point provisions of the existing legislation to direct the Tariff Commission to complete its peril-point investigations in 6 rather than in 4 months. The purpose of this amendment is to permit the Commission to make more thorough and extensive investigations in pursuance of its peril-point responsibilities.

It is in the differences between the committee bill and the substitute bill with respect to the preparatory and negotiating procedures, including the peril-point proceedings of the Tariff Commission, that one of the most conspicuous differences between the two bills appears.

The substitute bill would practically make the decisions of the Tariff Commission as to the rates of duty that might be brought into effect on United States imports by trade agreement action final and decisive. Moreover, the substitute bill would require the Tariff Commission to determine the differences between the prices and costs of production here and abroad of all items which it identified as ones on which the President could make trade agreement commitments. It is no wonder that for the purpose of assembling such information the substitute

bill would extend the period within which the Commission would be directed to complete its peril-point investigation. The past experience of the Tariff Commission itself indicates that it would be impossible to obtain such information on even a few commodities in any limited time.

The committee bill contemplates the continuance of a meaningful and fruitful trade agreements program while the substitute bill when closely examined clearly contemplates the termination of any significant trade agreements program. The substitute bill would in fact substitute the Tariff Commission for the President as the controlling authority under the trade agreements program and would require such operations by the Tariff Commission that it would be impossible for the Commission, if it were so inclined, to provide for any considerable tariff bargaining with foreign countries.

The amendments of the escape clause provisions that would be made by the committee bill have already been the subject of extended discussion. I refer here of course to the arrangements provided for congressional review of the President's rejection of Tariff Commission recommendations in escape clause cases. I shall not undertake to describe these provisions in detail and wish here only to call attention to the differences between the spirit and effect of the arrangements provided for by the committee bill and those proposed by the substitute bill.

The provisions of the committee bill with respect to escape clause proceedings are based on the view that the President should continue to have discretion as to whether the Tariff Commission findings and recommendations are soundly based and that the President should also have authority to give consideration to matters other than those to which the Commission's findings relate. Among such considerations are the effects of the Commission's recommendations on foreign policy matters and the general interest of the United States economy.

The substitute bill would provide that, when the President rejects Tariff Commission recommendations in escape clause cases, the Tariff Commission recommendations would become effective unless the President's decision were upheld by the enactment of legislation by the Congress. This arrangement, along with the provisions of the substitute bill regarding the peril-point functions of the Tariff Commission, would practically eliminate the President from the picture in administering the authority delegated to him by the trade agreements legislation.

I should like here to call your attention to an interpretation of the trade agreements legislation included in the committee report although there did not appear need for amending the legislation in this connection. The statement is as follows:

The committee recognized that effective relief in the case of some products on which trade agreement concessions have been granted may suggest the advisability of some remedial action on some closely related non-concession product. In such a case the com-

mittee agreed that the Tariff Commission should draw to the attention of the President such other course of action as it might deem appropriate to avoid injury.

The committee had in mind here such cases as the trade in tunafish and products made therefrom, some of which have been made the subject of trade agreement concessions and others have not. The committee recognizes by the statement above referred to that in such cases the Tariff Commission should appropriately make comprehensive investigations covering all sectors of the trade and suggesting appropriate action whether or not particular elements in the trade have been made the subject of trade agreement concessions.

The committee bill also provides for amendment of the national security provisions of the trade agreements legislation which now constitute section 2 of the Trade Agreements Extension Act of 1954 and section 7 of the Trade Agreements Extension Act of 1955. The committee bill would provide for regularization and improvement of the procedures of the Office of Defense Mobilization in arriving at and explaining its findings to the President regarding the need for restrictions on imports that threaten to interfere with the effectiveness of domestic industries in supplying goods essential to national security under emergency conditions.

In the amendment of the national security provision the substitute bill also contains some of the features of the committee bill, but the substitute bill in this matter is less far reaching in that it does not provide for the reporting by the Office of Defense Mobilization and by the President regarding the administration and interpretation of the national security provisions.

In addition to the reporting that would be required by the committee bill regarding the administration of the national security provisions, the committee bill provides that the President should include in his reports on the operation of the trade agreements program reports on its success in securing elimination of restrictions by foreign countries on their imports of United States products particularly where such restrictions are discriminatory against United States exports. Largely such discriminatory restrictions arise from the balance of payments difficulties of foreign countries. These restrictions have been the ground for many complaints by domestic exporting interests and it is believed that Congress and the public should have an explanation of these matters and the progress which is being made in their elimination.

As an advocate of reciprocal trade, I support the committee bill. It provides the only means we have to continue the program. Many of the new provisions will furnish guidance to the President who has the responsibility for its administration. These provisions also afford a greater measure of protection for American industry. If properly used, they will be helpful in placing the program on a more reciprocal basis than in the past. I have confidence that our

Chief Executive will use these new powers wisely and in the interest of expanding world trade.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Chairman, New Jersey is particularly concerned with foreign trade. Situated as we are with New York Harbor on the north and Delaware Bay on the south, we have a vital stake in continuation of active trade with nations abroad.

Many of the 4½ million Americans who gain their livelihood through foreign trade live in New Jersey. But, at the same time, many New Jersey industries have historically prospered under tariff protection. Thus, while freer trade will result in more and more employment for New Jersey workers, consideration must also be given to those workers who are employed by those industries which need further protection.

This bill, while providing for continuation of the President's authority to cut tariffs where it can be done without harm to American workers, tightens up the escape clause and the peril point provisions for the benefit of protected industry.

In the past it has been said that the Tariff Commission has had too short a time to study industrial records and to set an effective peril point to guide the President in his negotiations with foreign nations. In order to correct this, the time given to the Tariff Commission to name the peril point has been extended from 3 months to 6 months.

Businessmen have also complained that there has been such a delay under the escape clause provision that they could be bankrupt before any findings were made. The bill, therefore, shortens the period when the Tariff Commission must report from the present 9 months to 6 months.

Also by the change in the basic date from which the President can increase the tariff under hardship conditions real protection may be given to some hard-hit industries.

It has been said that the provision in the bill allowing the Congress to override the President's judgment by a two-thirds vote is meaningless. But this is not so, for if the President and the Tariff Commission disagree as to what action should be taken the question will under this bill be automatically brought to the Congress for a decision and Congress can exercise its will.

True, now if a bill was introduced to raise certain tariffs and the President opposed it, it could be enacted into law by a two-thirds vote. But all of you know the extreme difficulty of bringing out such a bill if almost anyone on the Ways and Means Committee is opposed, and certainly the history of such legislation shows that unless it was a case of a major product nothing would be done. Under this bill it becomes a privileged matter.

Some have said that the Congress has abdicated its constitutional power to write tariffs by our delegation of power to the President. But certainly delegation of power to write tariffs to the

Tariff Commission as is, in fact, provided by the Simpson bill and the provision that the Congress could override the President by a simple majority, would, in fact, take away the President's constitutional veto power. Any bill with such a provision would necessarily be vetoed by any President.

Now that we are the most powerful nation on the earth, now that we do 25 percent of the world's trade, every step we take has repercussions all over the world. And it is only the President who has full information with reference to the implications of our actions upon our foreign relations.

Unfortunately we cannot consider merely domestic consequences. We all know that one of the causes of the disgraceful attacks on our Vice President was due to the Communist agitators exploiting our regulation of oil imports from Venezuela. We all know that they whipped up agitation in Peru owing to talk here of limitations on imports of lead and zinc. We all know the effect in our relations with Canada of our wheat program.

It is disturbing that we must somewhat gear our domestic policies to foreign policies. But in this war for survival we are faced with a ruthless enemy, one who owing to her state trading policies will use every effort to use trade as an instrument in the cold war.

I quote from a speech delivered by the Canadian Prime Minister on yesterday.

Mr. Diefenbaker said:

Each of the free nations will have to deny itself the luxury of doing anything which will detrimentally weaken a partner in freedom's quest for freedom's survival anywhere in the world.

Passage of the Simpson bill will inevitably result in a veto, and the cessation—at least for a period—of our liberal trade policies. It will be hailed throughout the world as a retreat by the United States. It will aid the Soviet in this trade war against us. It will have deep repercussions on Japan and other nations whom it is essential to keep on the side of the free world. It might help swing uncommitted nations into the Communist orbit.

We here in the Congress have a solemn responsibility. We must not take it lightly. Past history has shown that the American people and the American Congress have risen above local pressures in times of crises. I have confidence that we will do so again.

Mr. MILLS. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, the Committee on Ways and Means is to be commended for its very excellent report to the House on the consideration given to the bill to extend the Trade Agreements Act for 5 years. I am of the opinion there are very urgent reasons why passage of this legislation is a prime necessity for the United States at this time. Particularly compelling are the sections of the report dealing with the relationship of this legislation to the national welfare and the welfare of agriculture, commerce, industry, and labor;

to the economic strength and the political unity of the free world; to the Soviet economic threat; to the needs of our position with respect to the European common market; and, finally, what is of vital immediate importance, to the need to meet with a concrete program in the foreign trade field the effects of the present United States economic recession. These sections of the report should be "must" reading for every Congressman in his consideration of this legislation.

Furthermore the chairman the gentleman from Arkansas [Mr. MILLS] is to be congratulated for his patience and his skill in handling the very difficult questions and problems which arose during the committee's sessions. The committee bill is a good bill, and much of the credit for its general excellence should go to the gentleman from Arkansas.

Referring to this bill as a good bill does not necessarily mean that it is the best bill that could be written, or that, indeed, it fulfills in every respect the requirements of the times in this field of international trade. It is a bill which, rather, is the best that the political realities would permit—a bill which, while less than it ought to be, is nevertheless better than it might have been under the circumstances.

We are faced with a challenge in this year 1858 from three quarters—that historic development called the European Economic Community, the new and rapidly growing Soviet economic penetration all over the world, and the American economic recession with all its dangers and all of the hardships which it is today working and will work on the American people. This bill is intended to meet those challenges to the extent that it is possible for any trade bill to meet them.

No one has claimed that it is reasonable or possible for the United States to fulfill its full and ultimate goals, in the face of these challenges, by trade legislation alone. On the other hand, no one can logically deny that our trade policy, as determined by the kind of trade legislation we pass here, has a very vital effect upon our posture in the world, upon our leadership, and upon the economic welfare of ourselves, our allies and our friends.

The opposition to this committee bill has conceded that the United States faces the challenges just described. Having conceded the challenges, they proceed, however, then to argue that the trade policy pursued by the United States for the last 25 years, of which this bill is the current expression, is of little value in meeting those challenges.

Their arguments are, of course, the purest kind of sophistry. If a United States trade policy such as this bill would authorize, designed, as it is, to promote international trade, to increase our exports and our imports, to make possible the broadest commercial development among all countries with whom we deal, a policy with the central concept of cooperation, of mutual benefit—if such a policy cannot contribute to the solution of the problems of the modern world how then can such a policy as proposed by

the opposition which is the negation of all these objectives make any contribution at all?

To maintain on the one hand that a positive program to foster economic growth is hopelessly inadequate to meet our problems, and then in the next breath to put forward a program which would guarantee progressive economic stultification and stangulation, and to maintain that this program is a "realistic" and "hardheaded" answer to, for example, the Soviet challenge in underdeveloped areas, or the European Common Market, or the American recession—to seriously contend such a thing, is the ultimate fatuity.

What positive program is proposed by those opposed to the committee bill? Is a 2-year extension with no new tariff-reducing authority, an extension based upon increased powers for a protection-minded Tariff Commission, an extension which would lead inevitably to a return to Congress of individual tariff rate-making subject to every local and special pressures, to every kind of logrolling a program which practically guarantees that foreign policy considerations, and, indeed, our own national economic welfare in that process, will be wholly ignored—can that possibly be a practical response, or any response at all, to the challenges which everyone concedes we are facing today? The question needs no answer.

It would, of course, be foolish to maintain that if we pass this bill, 12591, everyone will be prosperous, that the free world will be unified, or that the Soviets will make no further gains in the propagation of their doctrine. Obviously, a trade bill can be only part of the response which the United States is called upon to make in these times. I maintain, however, that it is an essential and minimum part, and that the bill we have before us provides an adequate instrument to accomplish that part.

I do not deny that in a few isolated instances imports from foreign countries create a more competitive situation. Of course such a situation inevitably redounds to the benefit of the consuming public. However, to alleviate any undue hardship to employers and employees by reason of excessive imports, I have introduced the concept, and urged its incorporation in this measure, of a trade adjustment policy as embodied in my bill H. R. 9505. Rehabilitative programs, instead of protectionist palliatives, to meet the world challenge is desirable; trade adjustment, not higher and higher tariffs, is the constructive solution.

A liberal trade policy is part of the central doctrine of the Democratic Party. It has been a basic tenet of that party since its founding, more than 160 years ago. Our party has gone to the people in election years since 1800 espousing this kind of a policy, and prepared to stand upon its conviction that such a policy is in the total interest of the whole Nation and all its parts. Our party fought the progressively higher tariff acts from the Dingley Tariff to the Smoot-Hawley Tariff, and it was

not until 1934 that the late great Secretary of State Cordell Hull was able to reverse the trend. I need only indicate the combined import-export figure of \$3.7 billion in the year 1934, as compared with the figure of \$33 billion for 1957, to show what that new policy has done for the United States in terms of trade expansion.

The Republican administration which entered office in January 1953 was apparently convinced by the evidence of the preceding 20 years that a liberal trade policy was essential to the welfare of the Nation. We are pleased as a party to support a policy which bears what is known as a "Modern Republican" label but which in fact has been our own party policy for over a century, in the face of the heaviest kind of partisan opposition. If the Republican administration has come around that is at least part of the battle. It would be pleasant to see a majority of the Republican Party in Congress take the same view.

This administration has, however, been in no respect bold in its proposals, and in no respect imaginative. The world has developed considerably since 1934 when Mr. Hull initiated the Reciprocal Trade Agreements program. We might have hoped, with administration support, to go forward at a pace more in keeping with this rapid development and with the dramatic progress of the Soviets in this field. Unfortunately, the present administration is not noted for boldness and we must therefore content ourselves, if we are to have administration support, with this bill which is before us. Many of us, or at least some, would have urged a bill materially more liberal than this committee bill, had there been any suggestion that the administration would have gone along.

Nevertheless it is a good bill and it will serve adequately our immediate needs. Anything less than this bill, however, in terms of greater circumscription of Presidential discretion or of retrogressive return to Congress of individual ratemaking authority would be a disaster in 1958. The country knows this and we as the Congress are expected to pass this bill in its present form. Nothing less will serve.

As a Congressman from the State of Pennsylvania I have a particular interest in problems of coal. In spite of exports which in 1957 amounted to over \$800 million, the coal industry in this country has been less than enthusiastic about the reciprocal trade agreements program. It has been pointed out many times that there is a very large potential market abroad of United States coal, if countries only had sufficient dollars to pay for it. Furthermore, we know that it was through the GATT machinery, made possible by our Trade Agreements Act, that the United States was successful in raising restrictions against United States coal in Belgium and in Germany a year or two ago.

An example of the potentialities for expanding coal trade is an article which appeared in the Journal of Commerce on May 21, 1958. It is a Reuters dispatch from Buenos Aires:

Argentina will get some 50,000 tons of Australian coal by the middle of this year, as imports from that country have been resumed after a lapse of many years.

The first 28,000 tons are already in Buenos Aires and the balance is expected in June.

Coal-trade quarters say that Australian coal is about the cheapest available now. The first shipments were quoted around \$21.80 a long ton—without insurance. Future shipments however are expected to cost somewhere between \$19 and \$19.50 a long ton.

American coal is cheaper, between \$10 and \$11 a long ton plus approximately \$5.50 freight, which means that it could be placed in Buenos Aires below \$17, but shortage of United States currency makes it imperative to buy elsewhere.

Other supplies come from Poland—which costs \$28 and from Germany \$22 to \$22.50.

The price information in that article speaks for itself. Our exports are limited only by the dollars which foreign countries can earn in their trade with the United States. To me it is perfectly evident that the real interest of the coal industry lies in the expansion of international trade and, thus, in the renewal of the Trade Agreements Act, which is designed to that end.

The coal industry is merely an example of the many great industries in Pennsylvania and in the country which have not only a vital stake in current exports but which have potentialities for greatly expanded future exports if only other countries can earn more dollars.

The committee bill is a bill in the total interest of the United States and the Congress should adopt it.

I am a firm believer in expanding the export of all of our products, particularly our agricultural surpluses and our industrial products. Only by passing the bill as reported by the committee can this result be obtained. I am fearful that any return to a restrictive trade policy would prevent the further growth of our American economy; would prolong the present recession, and would be most detrimental to the best interests of the United States. In fact, the National interest calls for prompt passage of the committee bill now before us.

(Mr. EBERHARTER asked and was given permission to revise and extend his remarks.)

Mr. MILLS. Mr. Chairman, I ask unanimous consent that all Members desiring to do so may extend their remarks on the pending subject in the body of the RECORD today.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Chairman, I yield 18 minutes to the gentleman from Georgia [Mr. DAVIS].

(Mr. DAVIS of Georgia asked and was given permission to revise and extend his remarks.)

Mr. ALGER. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Seventy-five Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 90]

Addonizio	Gary	Miller, Md.
Anfuso	Granahan	Morano
Auchincloss	Green, Pa.	Morris
Avery	Gregory	Multer
Barrett	Griffiths	Nix
Bass, N. H.	Gubser	Patterson
Beamer	Gwinn	Philbin
Becker	Hale	Powell
Blitch	Harris	Preston
Breeding	Hays, Ohio	Radwan
Buckley	Healey	Riley
Byrd	Jackson	Rivers
Celler	James	Robeson, Va.
Christopher	Jenkins	Robison, N. Y.
Clark	Kearney	Rodino
Coffin	Keating	Rogers, Colo.
Coudert	Kelly, N. Y.	Sadlak
Cretella	Kilburn	Scott, Pa.
Dawson, Ill.	Kluczynski	Seely-Brown
Dellay	Landrum	Sheehan
Dies	Lennox	Shelley
Diggs	Loser	Shuford
Dollinger	McGovern	Sieminski
Dorn, N. Y.	McIntire	Smith, Miss.
Edmondson	McMillan	Spence
Engle	Macdonald	Springer
Fallon	Mack, Ill.	Taylor
Farbstein	Marshall	Teller
Fino	Martin	Wharton
Fulton	May	Whitten
Garmatz	Miller, Calif.	Zelenko

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H. R. 12591, and finding itself without a quorum, he had directed the roll to be called, when 329 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. DAVIS of Georgia. Mr. Chairman, in recent weeks numerous public statements, editorial comments and so-called surveys made by the Department of Commerce, have sought to convey the idea that the substitute bill that I, together with other Members, have offered to the trade bill, H. R. 12591, reported by the Committee on Ways and Means, is a high-tariff bill and that its adoption would shrink our foreign trade.

The impression sought to be created would be false. I can tell you that the passage of the substitute measure would not raise a single tariff rate, for no tariff rates are included in it. It would not abrogate a single trade agreement. All present trade agreements are self-perpetuating and will remain in effect until advance notice of 6 months is given by the parties to each agreement.

Therefore, passage of the substitute bill would not upset the existing trade agreements; nor would it torpedo the trade-agreements program as is so often said. It would not reduce our foreign trade perceptibly but would look toward greater fairness of import competition.

What the passage of the substitute measure would indeed do is what should have been done before now; and if it had been done the trade agreements program would not now be under the heavy fire that it is experiencing—and this is, first, provision of a remedy against serious injury from import competition;

and, second, a more careful examination of the competitive impact that may be expected of any prospective tariff cuts than were made in preparation for international tariff-cutting conferences before.

Also let me point out that the substitute proposal would do no more nor less than three Presidents of the United States have repeatedly vowed as their trade-agreements policy: namely, that no American industry would be jeopardized by the trade program.

Keep in mind that the time for greater caution in entering new agreements and the need for going slower is certainly here. We have already cut our tariffs very deeply. The protective effect of our tariffs has been reduced between 75 and 80 percent. Therefore when we seek to cut any deeper it is only good sense to be more cautious. We have already cut into the quick in many cases and should be more careful in the future. It is also good sense to proceed much more slowly.

It is safe to say that if the State Department had shown better sense in the past rather than slashing tariff rates with reckless abandon, and had, instead, proceeded more cautiously and with better judgment, the trade-agreements program would not be so widely condemned as it is today.

Our substitute bill, in fact, is but a belated effort to pump some good sense into a program where it has been so signally lacking; and also to bring a larger measure of control over our foreign trade back to Congress where it belongs and from which we should never have allowed it to be alienated.

Mr. Chairman, the present proposal to extend the Trade Agreements Act is the 11th of a series. The present occasion, however, differs in one very important respect from the previous extensions. Today we have 2 bills instead of 1.

The principal difference between these two bills, one of which I have joined with Members of both sides of the aisle to introduce, is to be found in the question of which branch of the Government is to regulate our foreign commerce and to shape the tariff of this country.

There should, in fact, be no question about this. It should only be necessary to refer to the Constitution. In that document will be found the enumeration of powers, clearly set forth, whereby these twin functions are settled upon the Congress and not the executive branch. And yet we are faced with this issue in spite of the uncontested wording of our organic law.

Why should this be the case?

I believe that the answer to this question will be found in the nature of the delegation of power made in the Trade Agreements Act itself and in the manner in which that delegation has been carried out by the executive branch.

What I am about to say is not a matter of faultfinding. There is enough fault to go all around. The Congress itself in 1934 did not ask for any report from the executive branch on how the delegated power was being interpreted and carried out. At no time until 3 years ago was

such a report called for. Congress had handed the power to the executive, and then for 20 years had all but turned its back on the regulation of our foreign commerce, leaving to the State Department not only the type of trade agreements that it might negotiate but also the far-reaching provisions that were to be contained in them.

For the first 12 years the State Department negotiated only bilateral trade agreements. It made individual agreements with 29 countries.

Then in 1947 it negotiated the General Agreement on Tariffs and Trade, known as GATT, and forsook the bilateral approach for a multilateral system. It was this general agreement that planted the seed of our present troubles. In it the State Department itself introduced and gained acceptance of provisions that overstepped the bounds of the delegated power; and yet did not submit the agreement to Congress for approval.

Probably the clearest departure from its authority lay in the provision that renounced the use of import quotas as a means of regulating imports. It is true that several exceptions were written into this ban on quotas, but these exceptions were principally for the accommodation of other countries; and by the provisions of the agreement itself they were to be purely transitory in character.

Thus, the executive branch had taken upon itself the authority to foreclose any future Congress against exercising its power to regulate our foreign commerce as it might see fit. The State Department had erected a barrier of international commitments against the power of Congress to legislate its will. Should Congress, nevertheless, seek to legislate contrary to the international commitments it would find itself in the position of violating our international obligations.

The Department also bound tariff rates in the general agreement against increases, in spite of the fact that it is the function of Congress to determine what tariff adjustments are to be made.

What theory of delegation of power could possibly have guided the State Department when it undertook in this manner to drive Congress from the very field of authority mapped out for it by the Constitution? If this action of the executive branch does not represent an abuse of delegated authority, it would be difficult indeed to find a more clear-cut example. If Congress itself acquiesced, it was no doubt because the abuse had not yet worked sufficient harm. In any case, no statute of limitations runs against the correction of such abuse. It is only in recent years that the chickens have been coming home to roost in ever increasing numbers.

Three years ago the system, though it had been sharply challenged in the other body before, met heavy opposition in this chamber, which almost succeeded in defeating further extension. In fact, Congress had previously adopted several measures, such as the so-called peril point and escape clause legislation, which were designed to bring the administration of the delegated power within the range of what was tolerable.

The escape clause in particular, adopted by statute in 1951, was designed

as a means of mitigating, or remedying, the injury caused by imports that undersold our domestic producers in our own market. Its aim was to make it possible for our producers, our industry, our farmers and our labor to live with a system of trade agreements that offered benefits to our exporters and importers.

But what reception was given to this statutory measure, this expression of concern by Congress over the displacement of our own producers in the home market? The executive, acting under the advice of the State Department and other executive departments, virtually ignored the will of Congress, as well as the plea of our industries, and agricultural and labor groups, that were sorely beset by low-wage import competition.

The law was again amended on two subsequent occasions, to make sure that the intent of Congress would not be misunderstood. Nevertheless, the same stiff-necked attitude of the executive branch continued. Only a few grudging corrections were made, and some of these fell far short of the recommendations of the Tariff Commission. Altogether the President refused to put into effect seven unanimous recommendations of the Commission.

The pretext most commonly advanced by the Executive in justification of overriding the Tariff Commission is that the President must take into account many considerations that do not concern the Commission, such as the "national interest," the effect on other industries of an increase in a duty or an import quota, broad economic interpretation and international relations.

However, the law does not authorize the President to smuggle in these considerations. It sets forth the criteria that the Tariff Commission is to take into account. The President is then to accept or reject the Commission's recommendation within 60 days. The President has on a number of occasions ignored even this time limit set by Congress.

I wish to make it clear that this cavalier manner of carrying out this law of Congress extends back to 1951 when the escape clause was first placed on the statute books. The complaint is therefore wholly nonpartisan.

More and more emphasis has been placed in recent times by those who defend the President's position, upon foreign relations. The Russian sputnik was no sooner in orbit than its implications were seized upon by these supporters of the congressional bypass as lending force to the Executive domination of our foreign trade policy. Then the speech by Mr. Khrushchev flinging his foreign trade challenge against us was enlisted as a further reason why we must lay open our market yet wider to ruinous import competition. The proposed European common market consisting of 6 European countries that hope in twelve or fifteen years to eliminate the tariff among themselves, was, of course, also inflated as another compelling reason why we should come forward, hands up, and surrender our economic defenses.

None of these quickly assembled reasons will stand the light of economic or international political analysis.

If Russia makes good on her trade challenge we must look to something quite different from the free-trade ministrations of the General Agreement on Tariffs and Trade. GATT is in no way fitted for the type of economic maneuvering that would be necessary if we allowed ourselves to be lured into Mr. Khrushchev's web. We would find it necessary to move into State trading rather than prolonged trade sessions in Geneva, where, in any case, we might not find the anticipated support.

As for the European common market, the member countries would find GATT made to order to outvote us and to exact concessions from us that, if the past is any example, would be but poorly reciprocated.

Sputnik should indeed have opened our eyes, but in a different direction. It should have warned us that our vaunted higher productivity of which so much has been said is also slipping away as did our scientific lead over other countries in the field of rockets and satellites.

It has been argued very unrealistically that our higher productivity in comparison with other countries gives us a lead in cost of production despite our much higher wage rates. That this is not true should be obvious to anyone who can see or read or hear. Thousands of products are coming into this country and offered for sale at retail at prices that are lower than our cost of production. The evidence is all about us. It has been testified to abundantly in public hearings. Newspaper advertisements have been witness to the fact of these low prices. Our stores are stocked with these low-priced goods, and of course they are selling.

Much of the lead in productivity that we enjoyed in the past is gone. It went out with the billions of dollars worth of modern machinery and equipment that we sent overseas to be installed in thousands of factories and mills abroad. It was also helped on its way out by the thousands of productivity teams sent to this country from overseas to study our mass production techniques.

I am not complaining at this point against any of this foreign aid. I am simply pointing to the situation created by our foreign aid, technical assistance, and allied programs. This is a situation that justifies great concern for our own industry, agriculture, and workers.

We have been accustomed to thinking of ourselves as competitively invulnerable and so went ahead undermining our position in our own home market. That the competitive situation has in fact changed greatly and to our disadvantage should be clear to anyone who has noted the ease with which imports during the past 8 or 10 years have encroached on our market at will. In any number of items imports have risen from a 5-percent share of the market or less to the point of absorbing 10 percent of it, then 20 percent, before much longer 30 percent and on up to 40 percent or even 50 percent and more in a matter of 5 or 6 years.

When the affected industries have become alarmed and sought relief from this extreme pressure they went to the Tariff Commission. After all, three

Presidents had given solemn assurances that no domestic industry was to be jeopardized by the trade agreements program.* Also the State Department had often said that if mistakes were made in reducing duties and serious injury resulted, recourse could be had to the escape clause.

I do not have to tell you of the bitter disappointment experienced by a long succession of industries as a result of escape clause reverses. The Tariff Commission itself has turned down over half the cases but did send about 28 cases to the President under the escape clause since 1951. Of these the President acted favorably in only 8 or 9 cases and most of these involved very small industries.

The President—since 1951—has used numerous and varied pretexts for overriding the Tariff Commission. If one pretext was not good enough he used another. If the reasons used in one case did not fit the next case, a different set of pretexts was used. In recent years more and more has been made of foreign relations as the principal reason for refusing a remedy.

The position in which our industry thus finds itself is one of helplessness in the face of ruinous import competition.

On the one hand we drastically cut our tariffs. With the other hand we loaded a number of cost-raising burdens on our producers as a result of national legislation. We set up minimum wage and maximum hour laws; we established collective bargaining as an obligation; we supported farm prices; we enacted social security legislation, and in general have reduced the competitive capacity of our industry. The high tax rates now burdening our producers, of course, also add to cost of production.

With a third hand, so to speak, while reducing our own competitive capacity we enhanced that of foreign producers in the manner already described.

After thus putting the thumbscrews on our industries we find the freer-trade promoters calling those of our industries that cannot compete with imports inefficient and lacking in the competitive spirit. We find the executive departments showing great sympathy with individual industries but wholly opposed to doing anything for them under the escape clause.

Mr. Chairman, I could go on and relate the experiences of sound American industries that have sought a measure of relief under the present escape clause system; but it is not necessary. The complaints have been heard by the Ways and Means Committee and by many individual Members of the House. There can be no possible question about the reality of the injury that has given rise to these complaints.

Obviously something needs to be done as soon as possible to change the situation about which so many widespread complaints have arisen. I believe, as I stated at the outset, that the difficulty lies with the manner in which the trade agreements program has been carried out. I am firmly convinced that a change in this system is needed, both to provide our import-vulnerable industries with a remedy when they are af-

flicted with unfair import competition and also as a means of preserving our constitutional system of government.

The most obvious correction of the situation is provided in the bill that I together with other Members have introduced. This bill, which is to be offered as a substitute for the bill sent down by the executive branch of the Government, provides for restoration to Congress of the control over foreign trade contemplated by the Constitution and demanded by simple equity to our domestic producers.

The very fact that the bill reported by the Ways and Means Committee came from the executive departments—State and Commerce—shows how far we have drifted toward the idea that such legislation must be sent to us ready-made, even if the field covered is one that belongs to Congress. To be sure the Ways and Means Committee did amend the bill as it came from the executive branch but the amendments have not scratched the surface of executive domination.

There can be no doubt that unless the executive stranglehold on this legislation is broken it will smother the effect of any other legislation that Congress might pass. This follows from the now obvious fact that the executive branch will resolve all questions of tariffs and quotas by reference to foreign relations. Foreign relations will have the right of eminent domain over domestic industry. All that is regarded as standing in the way must step to one side.

The considerations of foreign affairs have been raised to such a preeminent level by the executive branch that the welfare of a domestic industry pitted against such preeminence must crumble and fall before it. Unless Congress intervenes to reestablish a balance—and Congress alone can do it—our constitutional system will have undergone a great change in this field.

In place of a responsive system to which domestic producers may have recourse and obtain relief from import injury under conditions established by Congress, we will witness the rise of foreign policy to totalitarian heights before which all else must bow. This will make a mockery of the regulation of foreign commerce by Congress; and I may say that to such an eventuality I am vehemently opposed.

My bill would not remove from the President the power to recommend to Congress a rejection of a Tariff Commission recommendation. It would, however, place upon the President the burden of convincing Congress that his proposal rather than that of the Tariff Commission should prevail. This is only right since we are dealing here with an original power of Congress. This power was delegated in part to the Executive and surely the Congress is justified in saying how this delegated power is to be treated.

If the President should seek to reject a Tariff Commission recommendation, he could obtain the support of Congress if he really had a good case; while, if he were merely pressed by free-trade considerations, his proposed rejection should not in any case be sustained by Congress.

Obviously the executive branch is not satisfied with this type of an arrangement. They want no restraint laid on their hands when they dispose of a Tariff Commission case. They do not want to have Congress looking over their shoulder. This would cramp their style.

One has but to consider the absurd proposal contained in the State Department-supported bill, H. R. 12591, to appreciate how desperately the executive branch resists restoration of any real power to Congress. They call for a two-thirds vote of both Houses to override a presidential rejection of a Tariff Commission recommendation. This is the same vote required to overturn a presidential veto of an act of Congress. Tariff Commission recommendations are not legislative acts of Congress. They fall into the administrative field and represent steps to carry out legislation that is on the statute books already signed by the President. Since the Tariff Commission is an arm of Congress and not of the executive branch, its decisions should be the concern of Congress rather than of the President.

Mr. Chairman, I trust that this House will uphold the right and power and responsibility of Congress to carry out its obligation to those who elect its members and that it will not condone further alienation of its authority and its subordination to the diplomacy of this country.

I urge you to vote for the substitute bill offered by myself, the gentleman from Pennsylvania [Mr. SIMPSON], the gentleman from West Virginia [Mr. BAILEY], the gentleman from South Carolina [Mr. DORN], and others.

Mr. REED. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Chairman, we have just listened to a very logical, reasonable discussion of the problem before us. I hope to and shall be just as logical and just as reasonable, and avoid emotion in the discussion of this bill and problem before us, as I can.

Mr. Chairman, early in February of 1937 I was one of 13 Members of this House that voted against the first extension of the 1934 Reciprocal Trade Agreements Act. That vote was my first important vote as a Member of Congress. I was told by the then minority leader, Congressman Bert Snell, that in all probability my membership in this House would be a short one; that the only way one could retain membership for any length of time—and thereby pile up coveted seniority—was to follow the leaders, to be guided by the leaders. That warning or prophecy has not come true, and I still vote my own convictions. My people seem to like a Representative with convictions, and the courage to express those convictions.

Mr. Chairman, I voted no in 1937 on the first extension of the Reciprocal Trade Agreements Act because I was convinced that the act was an unconstitutional delegation of powers, and to vote for it would be a violation of my oath of office. I have voted no on every extension of the act since then, not only because of the constitutional question involved, but also because our experience

under the act convinces me that the act has developed into a boon for other nations and a detriment to this Nation; that the act, as administered, has become anything but reciprocal; that the act has become a oneway street, with benefits flowing one way—away from the United States.

Mr. Chairman, it has been encouraging to witness the opposition to the Reciprocal Trade Agreements Act grow and develop in Congress—slowly to be sure, but steadily nevertheless—until those first 13 objectors became 199 objectors in 1955 when H. R. 1 was before the House. A motion to recommit H. R. 1 lost by the small margin of 199 to 206, and that defeat only came about after our leaders persuaded several members who had voted for recommitment to change their vote. That is how close the opponents of the Trade Agreements Act came to victory in 1955.

Since then several new developments have occurred. The Japanese Trade Agreement has been consummated by our State Department. Since then our textile industry has suffered further damage. Since then the textile industry of the United States has become a sick industry, well on its way to join the sick coal industry, sick partially because of the heavy importations of fuel oil; the sick jeweled-watch industry, an industry that has lost 80 percent of the American watch market because of the importations of cheap foreign-made Swiss watches; the sick American bicycle industry; the American sewing-machine industry; the American pottery industry; the American glass industry; the American chinaware industry; the American plywood industry; and a score of others—all suffering, all sick, all being strangled by cheap foreign-made imports.

Mr. Chairman, I want to review briefly what has happened since 1934 when Congress passed the original Trade Agreements Act, thereby turning over to the Executive its constitutional responsibility, abdicating its right "to regulate commerce with foreign nations." Congress did this at that time largely because a strong-willed Executive was working with and upon a weak-willed Congress.

First. The Tariff Commission, established as an arm of Congress, responsible to the Congress, was automatically divorced from the legislative branch of our Government and turned over, lock, stock, and barrel, to the executive branch of the Government, subservient to the Executive, reporting to the Executive, dominated by the Executive—and that means that our Tariff Commission today is ruled by, dominated by, and responsible to our internationally minded State Department.

Second. During the past 24 years, under the Trade Agreements Act, we have lowered our tariff rates from an average tariff rate of 16 percent of the total value of all goods imported to an average tariff rate of 5 percent of the total value of all goods imported—a 70-percent reduction in our tariff rates. Today, as a result of these tariff reductions, the United States stands seventh

from the bottom of the 38 listed nations of the world engaged in international trade. The 6 nations that rank below us are all have-not nations, such as Japan, that must have imports to exist.

Third. During the past 24 years, while we were lowering our average tariff rate from 16 percent to 5 percent, Great Britain—one of our chief competitors in the world markets—actually increased her average tariff rate from 21 percent to 25 percent, until today she stands fourth from the top among the 38 listed nations engaged in world trade, with an average tariff rate 5 times as high as our average tariff rate.

Mr. Chairman, while it is true that every time we made concessions to other nations by lowering our tariff rates, the other nations also made tariff reductions in exchange; yet practically without exception when the other nations lowered their tariff rates they raised other trade barriers much more effective and much more restrictive than any tariff rate could possibly be—import licenses, import quotas, preferential trade arrangements, currency manipulation, state trading, Government export subsidies, embargoes, and so forth—until today, according to Dr. Clair Wilcox, formerly Director of International Trade for the State Department and one of the best-posted men in America on the problems of foreign trade:

The trade of the world today is more tightly regimented than it ever has been before in history in time of peace.

Is it any wonder I say the Trade Agreements Act has become a one-way street in the hands of the internationalists in our State Department? Is it any wonder I say the Reciprocal Trade Agreements Act has been anything but reciprocal?

Mr. Chairman, four specific objectives were listed by its proponents in 1934 as reasons for the passage of the Reciprocal Trade Agreements Act; namely, first, it would bring about world peace; second, it would bring about world prosperity; third, it would bring about good will and amity among nations; and, fourth, it would remove world trade barriers.

Let us look at the record of the past 24 years and see if we have attained these 4 objectives.

First. Has the Reciprocal Trade Agreements Act brought about world peace? My answer is, not so that anyone can notice it. During the 24 years the act has been in effect we have had World War II. We have had the Korean war. We have had the Spanish civil war. We have had 7 years of war in Indochina; and we are now engaged in a so-called cold war.

Second. Has the act brought about world prosperity? Certainly our own prosperity has not been advanced, because we are in debt today to the tune of \$275 billion as compared to our \$12 billion Federal debt in 1934—a national debt greater than the combined national debts of all the other nations of the world.

Third. Has good will and amity been established among the nations of the world. Definitely not. What about

the present relationship between Pakistan and India? Between Israel, Egypt, and Arabia? Between Italy and Yugoslavia? To say nothing about the strained conditions in the Middle East and in the Far East. And what about our strained relations with Russia? Can anyone say, therefore, that good will and amity have been established or advanced among nations?

Fourth. Have world trade barriers been removed? They have not. Three of the greatest authorities on world trade we have in this Nation today—Dr. Clair Wilcox; Dr. Claudius Murchison, economic adviser to the American Cotton Manufacturers Institute; and Dr. John Lee Coulter, a nationally known consulting economist and one of the best-informed men in America today on foreign trade problems—all agree that today there are greater trade barriers against our exports than there were before the Reciprocal Trade Agreements Act was adopted in 1934.

Mr. Chairman, in the face of these facts—and they are cold, hard facts—can anyone say that our 24 years of experience under the so-called Reciprocal Trade Agreements Act has been a success from the standpoint of its effect upon our economy? Has it been a benefit to American workmen? My answer to both questions is "No."

Mr. Chairman, I shall vote for the substitute that will give back to the Congress its constitutional authority and responsibility in connection with international trade. If that fails, I shall vote "No" on the final passage of the bill before us.

Mr. REED. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, I rise in support of this legislation and in opposition to the Simpson substitute which will be offered later. These trade matters, I believe, are today as difficult as any matters that face the Congress. In my judgment, in the area of foreign trade lies the solution to world peace. I do not propose that we have obtained world peace through our previous methods of trading. I simply state that if we can solve those problems, we will have gone a long way to solve world peace, and, indeed, if we ever do solve world peace, it will be because we have solved these problems. It is for these reasons that I have not hesitated to devote all the time at my own personal disposal to try to understand these problems, and for 6 years on the Committee on Ways and Means have sat through what to many people are tedious hearings and engaged in other discussions not only in this country but abroad in the pursuit of understanding these problems.

Mr. Chairman, I do not think we are going to solve these problems here today or in the next year or the next 10 years. All we can hope to do is try to understand them a bit and grapple with them.

I have been impressed with the statements made by the preceding two speakers, my colleague, the gentleman from Illinois [Mr. MASON], and my colleague, the gentleman from Georgia [Mr.

DAVIS]. Many of the questions that they raised are questions that I raised myself in my own mind and have over the period of the past few years, and the supplement views that I have expressed on this matter give weight to what I am saying.

Essentially, I say this, that we all in this room, in this country, are interested in and believe that foreign trade, international trade, is good for us and good for the rest of the world. And, what we are arguing about is not the objectives, whether you are a protectionist, or a freetrader, or what. I think we all agree that foreign trade, the greatest part of it, is good for us and for the rest of the world. But, how do we obtain this great bulk of and increase in foreign trade? What procedures do we use? I would suggest that, first of all, the basis upon which trade really increases or decreases is upon the economies of the various countries throughout the world. It does not involve the method of trading between nations but rather whether our economy is a strong economy, whether an economy abroad is a strong economy, and I suggest if these economies are strong, we are going to have considerable trade and increased trade as those economies are strengthened, whatever methods we might employ in negotiating and handling the trade problems. And, therein lies a great deal of the argument for those who are opposing the present bill that the committee has voted out. Therein lies some of the pleas of those who say they are protectionists, who want to protect the economy of the United States and feel that it is necessary to strengthen its economy. I think their argument, if you grant their premise, is perfectly sound. Certainly, the argument that strengthening our economy is the way that you ultimately strengthen world trade is a sound argument, in my judgment.

But, I think there is a great deal more to it. I think that even though foreign trade is essentially based upon the strength of economies, there is no question that how you trade can have something to do with the how much you trade. Particularly it can have to do with whether or not this particular Nation grows stronger or that particular nation grows stronger. Just as in our own country we have established rules and regulations on interstate commerce, and we have rules within our States on intrastate commerce, because we recognize that the methods of doing business can be important to segments of business. Really all we are talking about and all we ever have been talking about when discussing the issue of reciprocal trade is how we are going to trade. What I want to plead with the Members of the House to understand is that reciprocal trade in itself has nothing to do with protectionism or free trade. It is simply the method by which we do our trading and how we decide to do our negotiating. If we had an Executive that was a protectionist, the reciprocal-trading mechanism could be utilized for those purposes, just as much as if the executive branch happens to be for free trade or to tend along those lines.

And I suggest also that if our legislative branch, which still has a very important part to play in the trade problems, even though a great deal of the power has been delegated to the Executive under the Reciprocal Trade Act—if our Congress is of one complexion more than the other, it is on that basis the question of whether or not we are going to have freer trade or more protection depends, rather than upon the mechanism.

Too much time has been devoted to kicking the chair, if you please, because one has bumped into the chair. That is not going to solve the problems; because the mechanism has not responded in the way in which one would like it to respond. Is no reason to kick the mechanism. I say that is very true whether one is interested in textiles, or whether one is interested in lead and zinc, whether one is interested in chemicals, or whatever. We are not going to solve the problem of those industries with the Simpson proposal any more than we would solve them by completely abandoning the reciprocal-trade formula. That is not a solution of the problems. That is what I would call kicking the chair.

The thing to which I wish to direct attention is the procedures that we have established. William McKinley, as has been rightly pointed out, was one of the first public leaders to advocate a reciprocal trade formula, or this method of handling our foreign trade. The gentleman from Georgia [Mr. DAVIS] has properly pointed out the constitutional importance that the Congress has to play in the area of handling our foreign trade. Indeed, the Constitution vests that power in the Congress. But I would call attention to the fact that the executive branch of the Government under the Constitution, and under any intelligent workings of the Constitution, perforce must play a very important part in foreign trade because when we deal with foreign nations we have to deal with them through the executive branch of the Government. The Congress cannot deal directly with foreign governments. That is not our responsibility. Our prerogative is to transfer power to the Executive with sufficient guidelines so that it may be properly utilized. And in essence that is all that has been done in the Reciprocal Trade Act.

So what we should be discussing is whether or not the manner in which we have delegated the authority in the past has had sufficient guidelines so that the executive branch of the Government knows how to act, and equally important, and I would say even more important, so the citizens of our country know how trade negotiations are going to be handled, so that they know with whom in the executive branch of the Government to deal if their own problems become involved in trade negotiations.

I say that over a period of years the methods of handling our foreign trade have been improved, and I think that even the opponents of the present bill which is before us will agree that this is the very best of any bill that has yet

been proposed, so far as ironing out some of these administrative difficulties and some of the problems that have arisen are concerned, when the Congress has delegated authority in this area of negotiating trade agreements. This is by far the best bill that I have seen in the short period that I have been in the Congress. Many improvements have been made in the methods of passing this authority to the Executive and retaining certain authorities—and I emphasize that Congress still does retain vast and basic authorities and should retain them in the trade treaty procedures.

So I would say that we do have an improved bill to present to the Congress, a bill that, although it lacks a great deal that I would like to see, and is by no means in my judgment the bill I should like to see, yet is an improvement. I can say here is a report of progress; but what I think is most important, and that most Members of this House should consider, is what is the alternative. If a bill such as the Simpson bill or anything like that were adopted we would find that we had not delegated sufficient authority to the Executive so that the Executive could act, nor had we retained, nor by the very nature of the legislative branch of the Government could we have the power to actually handle the problems that exist in foreign trade. I think what we would have if we passed the Simpson bill or anything like it is exactly the problems that face France today, where there is not sufficient power in the hands of the Executive to meet the problems of the society, which means they will have to reorganize their government because of it if they are going to meet modern problems.

I say, think carefully over this delegation of authority that would be urged under the Simpson bill as to whether or not what happens in that we tie the hands of both the executive and legislative branches of the Government so that our society cannot move anywhere to meet the problems that modern trade constantly present.

It is perfectly true if we did nothing for the next 2 years nothing would show up as far as our trade treaties and our trade relations are concerned substantively, but I suggest what will happen. It will result in no preliminary planings being made because we will not have the machinery to go ahead to plan for our future trade negotiations. In 2 years it will very clearly show up substantially in our trade even though we do then grant the Executive sufficient power to move. In the interim we would be badly damaging, I suggest, our methods of grappling with these very serious problems that exist.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. SIMPSON of Pennsylvania. The gentleman must recognize that the President has constitutional powers to effect international agreements, and to make examination into the reasons for the said international agreements. He then may secure the authority to enter agreements from the Congress.

Mr. CURTIS of Missouri. I think the gentleman is right as far as that is concerned and as far as he goes.

Mr. SIMPSON of Pennsylvania. So that I may add that we do not need for the specific purpose of the European economic agreement to pass this particular legislation at this time.

Mr. CURTIS of Missouri. I would say this: You do not need to pass this particular piece of legislation or any other particular piece of legislation but what you do have to do is pass similar legislation, some legislation, that provides the guide lines within which the executive branch of the Government is going to proceed. I am saying under the proposed Simpson bill the Executive's hands would be tied and whatever preliminary plannings were made now would be on the basis of a machinery that just could not cope with the problems that are presented to us in international economics.

That is the issue as I see it.

I want to say this: I think an interesting thing to develop, the very power that is the most liberal of all powers in coping with trade matters, is the one that the free traders eschew, and the protectionists are actually espousing: the most liberal power for regulating trade is the tariff. Which is a very strange situation. If we could regulate our trade through the tariff and through the power of the tariff and the writing of tariffs, then I could see how the Congress might maintain control over this area of foreign trade in an effective administrative manner.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman from New York be kind enough to yield me some additional time?

Mr. REED. Mr. Chairman, the time has already been allocated, but I yield 5 additional minutes to the gentleman.

Mr. CURTIS of Missouri. I thank the gentleman very much.

I will conclude my remarks shortly, Mr. Chairman. It is, of course, impossible to present a problem of this magnitude in the space of 15 minutes after the study it has received. I do want to go on to drive home this particular point because I think it is of vast importance, particularly to those people who have industries in their districts that have been affected by our trade policy. The fact is that trade today, as has been pointed out by the gentleman from Illinois [Mr. Mason] has been restricted in a variety of manners through licenses, through quotas, and through monetary manipulations and a variety of very restrictive devices. Really, what we in this country are confronted with through trying to handle trade, as we have in the past, by tariffs is a situation where the rest of the world are using these more restrictive methods and these more effective methods, I might state, of barriers to foreign trade. Really, we are in a situation where the people who claim that they are the protectionists, in my judgment, if they would think the thing through, they would be the greatest advocates of GATT, the General Agreement on Tariffs and Trade, because that is one organization that has been set up in

order to get these countries to relinquish their quotas or their licenses and these other barriers to trade that they have imposed barriers which we do not impose. I think we would be very, very shortsighted if we were to take away these powers that the executive now possesses, which we have granted to the executive so he can cope with foreign trade problems. We would take away those powers which permit us to negotiate with these countries abroad to remove these barriers which do badly affect our own economy and our own industries.

My concluding remarks, Mr. Chairman, are these. I believe if we analyze this problem, we will see it is necessary for the Congress to delegate authority to the executive. I think we could put better guidelines on it. I think it could be better administered. But, we have progressed. I think the bill we have before us today is a much superior bill to any that we have had before. The alternatives, I suggest to you in all seriousness, would be the situation that France finds itself in today where neither the executive nor the legislative branch of the government is set up to cope with the problems that face that country.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from Missouri [Mr. CURTIS] yields back 2 minutes.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. MACHROWICZ].

(Mr. MACHROWICZ asked and was given permission to revise and extend his remarks.)

Mr. MACHROWICZ. Mr. Chairman, the Congress has been arguing about the tariff since 1789—usually in violent terms. Today we hear some of the same pleas which were used by Members of this body representing infant industries, struggling for survival, in one of the original 13 colonies.

But the world moves on, and those who thrust the antique arguments of protectionism before us are as out of date as those who would try to solve the housing shortage by erecting log cabins—noble shelters in their day but hardly what the people of this country are seeking today.

What are the people seeking today in this vital field of foreign trade? Once the smokescreens are cleared away, the mandate on this Congress is clear.

Let us remember that the Congress of the United States has seen these smokescreens and felt these pressures before. We have seen the results of yielding to such pressures, too. This is an old story. Is there a Member here who would disagree with President Woodrow Wilson's statement made 45 years ago almost to the day—on May 26, 1913? Let me read the remarks of the 28th President on this 45th anniversary of their utterance:

I think that the public ought to know the extraordinary exertions being made by the lobby in Washington to gain recognition for certain alterations of the tariff bill. Washington has seldom seen so numerous, so industrious, or so insidious a lobby. The newspapers are being filled with paid advertisements calculated to mislead

the judgment of public men not only, but also the public opinion of the country itself. There is every evidence that money without limit is being spent to sustain this lobby and to create an appearance of a pressure of opinion antagonistic to some of the chief terms of the tariff bill.

It is of serious interest to the country that the people at large should have no lobby and be voiceless in these matters, while great bodies of astute men seek to create an artificial opinion and to overcome the interests of the public for their private profit. It is thoroughly worth the while of the people of this country to take knowledge of this matter. Only public opinion can check and destroy it.

Woodrow Wilson spoke these words in 1913. Public opinion was not adequate to check and destroy these forces when the Smoot-Hawley Tariff wall was erected in 1930. But for 24 years since 1934, under the reciprocal trade agreements program, public opinion and the national interest have prevailed. We learned our lesson. It would be tragic to unlearn that lesson today—and to do so by yielding to the intense pressures of the few special interests.

It is illuminating to examine the catastrophe which resulted from the passage of the first Smoot-Hawley bill—on which the substitute Simpson bill is patterned.

The first Smoot-Hawley bill was called—as is H. R. 12676 now—a reasonable bill. Its proponents—as the proponents of H. R. 12676—advertised it as a means of alleviating the difficulties of certain industries suffering from imports.

The Smoot-Hawley isolationists—as do their counterparts today—tried to tell the country that by striking a blow for protectionism, we would be helping the American economy.

The proponents of the Tariff Act of 1930—as with those supporting the Simpson bill today—said not a word about exports. Their argument concerning the millions of Americans dependent on international trade was an eloquent one—silence.

In 1930 the Congress was deluged with petitions from economists, letters and statements pointing out what the sorry result would be of this country's adopting a restrictive trade policy toward a world still suffering from the results of a grisly war and wracked by depression, poverty and despair.

But the Smoot-Hawley Tariff was enacted and the fat was in the fire. If the United States, with the highest standard of living of any nation, was turning its back on the world, only one course of action was open to other governments—retaliation.

While the logs were being rolled in the Congress and after the bill became law, 33 foreign nations formally and officially registered their protests to the United States Government, but to no avail. Let those who would consider turning back the clock by the passage of the Simpson bill count up with me the cost of passing another protectionist bill.

Import quotas, exchange controls and administrative sleight-of-hand were rapidly slammed down on imports from the United States all over the world.

Retaliation for America's action became the order of the day.

Canada—today our biggest trading partner—enacted a sky scraper of a tariff against our exports. It was the highest tariff in the history of that country, either before or since.

American farmers who export to Canada and producers of iron, steel, farm implements, electrical machinery, gasoline, shoes, paper, fertilizers, household appliances, automobiles, and chemicals were sent reeling backward as this vast portion of their export market was snatched away from them.

How much would we have to pay today, when our trade with Canada is vastly larger, were we to invite the Canadians to similarly retaliate by our passing the Simpson bill?

And Canada was not alone. Italy started to boycott American goods as the full curse of America's restrictionist trade policy brought about deepening unemployment in that country. United States automobiles were banned by a prohibitive duty; United States radio manufacturers laid off the workers who had produced for the Italian market—now closed by retaliatory high tariffs. The Italian Government switched the source of imports of many items from the United States to other countries. Between 1929 and 1931 United States exports to Italy dropped 66 percent.

Is this what we seek today? Perhaps not, but it is the sort of thing which we may fairly expect other nations to do if the Simpson bill becomes law.

But that is not the end of the list. With the duty against their watches raised as much as 500 percent, the Swiss retaliated with import quotas and a boycott, and United States exports to that country declined 45 percent within 2 years. Similar retaliatory action was taken by Spain—among others.

Let us never forget that the Smoot-Hawley disaster which we are being asked to repeat today was a major factor in Great Britain's decision to adopt the first British general tariff in almost a century. Out of this came the British system of imperial preferences which served to widen the ever-growing retaliation against this country.

These figures cannot be repeated too often—between 1929 and 1932 United States foreign trade declined by two-thirds. Even if half that drop is attributed to the worldwide depression, the price of Smoot-Hawley was too much to pay—and, I firmly believe, the price of the Simpson bill would be far greater.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MACHROWICZ. I will yield when I have finished my statement. I have not much time.

Mr. SIMPSON of Pennsylvania. The gentleman used my name. I think in fairness he should yield.

Mr. MACHROWICZ. I will yield briefly to the gentleman.

Mr. SIMPSON of Pennsylvania. I wanted to ask the gentleman if he could point to any portion of my bill in which there is anything whatever said which would bring about the curtailment or

the elimination of any existing reciprocal trade agreement?

Mr. MACHROWICZ. I intend to go into that a little later in my statement.

Mr. SIMPSON of Pennsylvania. Will the gentleman tell me anything in the bill which curtails against existing agreements?

Mr. MACHROWICZ. I will do that in just a moment.

Mr. SIMPSON of Pennsylvania. I make the statement unequivocally that there is nothing in the bill which in any way affects any existing agreement.

Mr. MACHROWICZ. Mr. Chairman, I refuse to yield further to the gentleman.

Mr. Chairman, what are the arguments advanced by the economic isolationists as they struggle to turn the clock back? First, they say the Smoot-Hawley bill raised tariffs while the Simpson bill would just leave them where they are. But even if one does not take the time to explore all of the gimmicks in the bill to raise tariffs in the name of "protecting American industry," it is obvious that the results of the Simpson bill would be even more protectionist than its 1930 version.

The free world is pushing forward through the general agreements on tariffs and trade, through the European common market, and free-trade area, and a variety of similar plans to reduce tariffs. For the United States to stand still is for the United States to fall behind. We either go forward with reciprocal tariff-cutting or we are left shivering in the cold winds of retaliation.

Even if the Russians had not declared a trade war on the United States, even if the Vice President of the United States had not been subjected to indignities in countries deeply troubled by United States trade policies, even if the European common market was not about to begin its most crucial 5 years—even if none of these situations faced us—a 5-year extension of the trade act is a must in our selfish interest.

If other nations, shocked and disillusioned by a failure to renew our trade policy began to take retaliatory action to defend themselves, this action could intensify our recession.

But is this really so important? We are a great and rich country—perhaps we could afford the luxury of economic isolationism—the price of the Simpson bill?

Last year our exports put more dollars in the pockets of Americans than all purchases of all makes of all automobiles—combined.

Last year our exports put more dollars in the pockets of Americans than were spent on all nonfarm homes built all over this country.

Last year our exports put more dollars in the pockets of Americans than were earned by all American farmers in all their sales of either crops or livestock.

The answer suggested is—yes, we can afford the protectionist Simpson policy. We can afford to have our exports cut by a quarter or a third as much as we can afford to have automobile sales drop a quarter or a third; or home construction drop; or farmers' incomes drastically reduced.

At least, "Yes" would seem to be the answer that the proponents of the substitute bill must make.

All public-opinion polls show that the vast majority of the American people do not agree. I hope and am confident that the Members of this House will respond to what the American people want and what is good for the country as a whole. They will reject the Simpson substitute and resoundingly approve the committee bill.

Mr. REED. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. BAKER].

(Mr. BAKER asked and was given permission to revise and extend his remarks.)

Mr. BAKER. Mr. Chairman, I rise in support of the Simpson-Davis-Dorn-Bailey substitute bill. I am not one of those who say that the committee bill is all bad. I voted in committee to report it favorably, reserving all my rights. It is an improvement over existing law.

The committee bill strengthens and clarifies the national security section, and recognizes that Congress has the ultimate decision in escape-clause and peril-point cases, but provides for a two-thirds vote of both Houses of Congress to exercise that ultimate decision. The substitute provides for a majority vote of both Houses instead of two-thirds, and that is the main reason I am supporting the substitute.

Mr. Chairman, I understand that it is contended by some that Congress cannot constitutionally put into effect by a majority vote the findings of the Tariff Commission, and that such action would require a two-thirds vote of each body of the Congress.

I do not agree with this contention.

Section 1 of article I of the Constitution of the United States is as follows:

All legislative powers herein granted shall be vested in a Congress of the United States which shall consist of a Senate and House of Representatives.

Section 8 of article I:

The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts and excises shall be uniform throughout the United States.

Clause 3, article I:

The Congress shall have power—to regulate commerce with foreign nations; and among the several States, and with the Indian tribes.

The famous case of McCulloch against Maryland, decided by Chief Justice Marshall, is authority for the following: Two important doctrines of constitutional law—that the Federal Government is one of enumerated powers and that legislative power may not be delegated—are derived in part from this section. To use the language of Chief Justice Marshall:

This Government is acknowledged by all to be one of enumerated powers. The principle, that it can exercise only the powers granted to it, would seem too apparent, to have required to be enforced by all those arguments.

The following statement appears in the 1952 edition of Constitution of the

United States of America, Revised and Annotated, page 73:

At least three distinct ideas have contributed to the development of the principle that legislative power cannot be delegated. One is the doctrine of separation of powers: Why go to the trouble of separating the three powers of government if they can straightway remerge on their own motion?

In *Hampton Jr. & Co. v. United States* (276 U. S. 394), Chief Justice Taft offered the following explanation of the origin and limitations of this idea as a postulate of constitutional law: "The well-known maxim, 'delegata potestas non potest delegari,' applicable to the law of agency in the general and common law, is well understood and has had wider application in the construction of our Federal and State Constitutions than it has in private law. The Federal Constitution and State constitutions of this country divide the governmental power into three branches * * * in carrying out that constitutional division * * * It is a breach of the national fundamental law if Congress gives up its legislative power and transfers it to the President, or to the judicial branch, or if by law it attempts to invest itself or its members with either executive power or judicial power. This is not to say that the three branches are not coordinate parts of one government and that each in the field of its duties may not invoke the action of the two other branches insofar as the action invoked shall not be an assumption of the constitutional field of action of another branch. In determining what it may do in seeking assistance from another branch, the extent and character of that assistance must be fixed according to commonsense and the inherent necessities of the governmental coordination."

FUNCTIONS WHICH MAY BE DELEGATED

Yielding to commonsense and the inherent necessities of governmental coordination," the Court has sustained numerous statutes granting in the total vast powers to administrative or executive agencies. Two different theories, both enunciated during the chief justiceship of John Marshall, have been utilized to justify these results. First in importance is the theory that another department may be empowered to fill up the details of a statute. The second is that Congress may legislate contingently, leaving to others the task of ascertaining the facts which bring its declared policy into operation.

Mr. Chairman, in effect the Congress has established a number of independent agencies; such as, the Interstate Commerce Commission, the Federal Power Commission, the Federal Communications Commission, and the Tariff Commission to which it has assigned quasi-legislative powers. In the Trade Agreements Act, the Congress has delegated powers to the President within prescribed limits granted by the Constitution to the Congress. These limitations include an examination by the Tariff Commission of proposed concessions before they are made under the peril point procedure. They also provide for an escape clause procedure which again requires findings by the Tariff Commission. The Tariff Commission is an agent of the Congress. The President is only authorized to make trade agreements with foreign countries within these limitations. In effect, the Congress has placed responsibilities upon the Tariff Commission and there should be no question as to the right of the Congress to prescribe the procedures under which it may delegate its powers. Hence, for

such delegation to be constitutional there must be prescribed limitations on the exercise of these delegated powers. Mr. Chairman, let me add that a bill enacted by a majority of both Houses of the Congress and approved by the President establishing these procedures is a constitutional act. Again, let me add that in other matters affecting our foreign policy, including the Mid-East Resolution which we adopted at the President's request last year, all presidential powers contained therein may be terminated at any time by a concurrent resolution passed by a simple majority of both Houses without a presidential signature.

Does it not follow as a matter of common sense that Congress may delegate such powers contingently or conditionally reserving to itself the ultimate decision? It seems to me that the answer is self-evident.

In one of the early cases the Supreme Court used the following very pertinent language:

We can see no sufficient reason, why the legislature should not exercise its discretion in reviving the act of March 1, 1809 either expressly or conditionally as their judgment shall direct (7 CR 382-1813).

I quote again from the Constitution of the United States, Revised and Annotated, issue of 1952:

Within recent years the concurrent resolution has been put to a new use—the termination of powers delegated to the Chief Executive, or the disapproval of particular exercises of power by him. Most of the important legislation enacted for the prosecution of World War II provided that the powers granted to the President should come to an end upon adoption of concurrent resolutions to that effect.¹ Similarly, measures authorizing the President to reorganize executive agencies have provided that a reorganization plan promulgated by him should be reported by Congress and should not become effective if one² or both³ Houses adopted a resolution disapproving it. Also, it was settled as early as 1789 that resolutions of Congress proposing amendments to the Constitution need not be submitted to the President, the Bill of Rights having been referred to the States without being laid before President Washington for his approval—a procedure which the Court ratified in due course.⁴

REGULATE

Elucidating this word in his opinion for the Court in *Gibbons v. Ogden*, Chief Justice Marshall said: "We are now arrived at the inquiry—What is this power? It is the power to regulate; that is, to prescribe the rule by which commerce is to be governed. This power, like all others vested in Congress, is complete in itself, may be exercised to its utmost extent, and acknowledges no limitations, other than are prescribed in the Constitution."

¹ See, e. g., Lend Lease Act of March 11, 1941 (55 Stat. 31); First War Powers Act of December 18, 1941 (55 Stat. 838); Emergency Price Control Act of January 30, 1942 (56 Stat. 23); Stabilization Act of October 2, 1942 (56 Stat. 765); War Labor Disputes Act of June 25, 1943 (57 Stat. 163).

² Reorganization Act of June 20, 1949 (63 Stat. 203).

³ Reorganization Act of April 3, 1939 (53 Stat. 561).

⁴ *Hollingsworth v. Virginia*, 3 Dall. 378 (1798).

And now that I have disposed of the constitutional question—at least to my satisfaction—may I present to you my fully considered views on the so-called Simpson-Dorn-Davis-Bailey substitute, for which I shall vote, and which I hope will prevail, in part using aluminum as a case example.

The expansion of world trade is a laudable objective which I support completely; however, it must be truly profitable for all the participants. The bill before us is basically an amendment to the Tariff Act of 1930. Some have forgotten the fact that in many instances the protection which the Congress provided in the 1930 act was based on a specific duty rather than on an ad valorem rate.

Inflation has reduced the effective level of such duties almost to the vanishing point. The Consumers Price Index has increased 73 percent since 1930, and American wage rates have been adjusted accordingly. May I remind the committee that compensation of employees represents more than 70 percent of our national income. Hence, of necessity, the prices of all American producers have reflected these wage increases. Without giving any consideration to tariff reductions negotiated under the trade agreements program, the specific duties provided in the 1930 act provide very little protection for American industry and their millions of employees.

Furthermore, since the start of the trade agreements program, we have reduced our tariff rates on the average by more than 70 percent. It is generally acknowledged that by any standard the United States must today be regarded as a country with a low tariff structure. Additional broad reductions without adequate safeguards can impose great hazards to the American economy.

Since 1930, industrial costs in the United States have been increased as a result of legislation enacted by the Congress. Let me enumerate but a few of the laws which affect America's production costs. They include the Fair Labor Standards Act; the Walsh-Healey Act; the Wagner Act, which was subsequently amended by the Taft-Hartley Act; and, social security legislation. None of these cost factors were reflected either in the basic legislation before us, the Tariff Act of 1930, nor in the agreements which the President has negotiated over the years under the authority of the trade agreements program.

In 1934 the supporters of the doctrine that the President should have the authority to adjust the tariff structure by negotiating agreements with other countries on a reciprocal basis stressed that we had comparative advantages in many industries due to our technological superiority, which should enable us to develop greater markets for our industrial and agricultural products. However, to capitalize on our technical skills, we had to open our markets to other countries so as to permit them to sell their products in the American market—thus earning the necessary dol-

lars to finance United States purchases. Let us examine what has happened.

With very few exceptions, the United States does not employ import quotas. In fact, when the General Agreement on Tariffs and Trade was negotiated in 1947, it was generally agreed by the contracting parties that quantitative controls would be prohibited. Accordingly, we proceeded to lower our tariffs supposedly on a reciprocal basis. Products of interest to American exporters were granted tariff concessions by other countries. But in almost every instance these tariff concessions were nullified by so-called temporary and emergency quantitative controls.

Some of these restrictions were justified to facilitate economic development; others, because of a persistent shortage of dollars, but regardless of the reason, American exports were not stimulated in the manner expected. In fact, American producers of many of these products found it necessary to establish plants abroad in order to secure their share of the world market. As American firms established foreign operations, they carried with them their skills, techniques, and know-how, which have neutralized the comparative advantage that American producers enjoyed; and we, in the Congress granted them tax incentives to do so.

More recently, starting with the Marshall plan, we have provided the plant and equipment as well as the know-how at the taxpayer's expense. Through the taxes they have paid to our Government, American producers in many cases have provided their foreign competitors with new facilities.

Mr. Chairman, under these conditions, it must be quite obvious that differences in basic wage rates will determine the ability of the United States producer to meet foreign competition. I have prepared a table which contrasts the basic wage rates in all manufacturing in the United States with the prevailing wage rate in other important producing countries:

Country:	Average hourly rate, all manufacturing
United States.....	\$2.07
Canada.....	1.625
Mexico.....	.229
Australia.....	.849
United Kingdom.....	.620
Belgium.....	.536
France.....	.390
Germany (West Berlin).....	.483
Italy.....	.331
Netherlands.....	.355
Norway.....	.760
Switzerland.....	.611
Japan.....	.243

Source: International Labor Review, Statistical Supplement No. 3, March 1958. International Financial Statistics, April 1958.

The production of aluminum is one of the important industries in my congressional district. Today there is severe unemployment in this industry. However, this is not my problem alone. Aluminum happens to be of vital concern to every member of the Congress because of its overriding importance in terms of our national defense. During the Korean emergency both the execu-

tive branch of our Government and the Congress rejected entering into long-term contracts for substantial imports of aluminum from Canada on the grounds that we should not be dependent upon any foreign source for this vital material. Private American industry responded to our country's needs by a substantial investment in new facilities. During the hearings before the Senate Committee on Banking and Currency considering the extension of the Defense Production Act of 1952, the distinguished junior Senator from Arkansas [Mr. FULBRIGHT] said:

Mr. FULBRIGHT. Although we have invested amounts of money in the domestic industry, if we guarantee the Canadian industry, what happens to the domestic industry? It may have to take the brunt of that and fold up.¹

Canada is our closest neighbor. Since we are rightfully unwilling to be dependent upon Canada, should we jeopardize the security of our domestic aluminum industry by permitting unlimited imports from producers in distant countries including Yugoslavia, whose loyalty to the Western World is certainly open to question?

Mr. Chairman, I am impressed by the fact that our allies in NATO—in spite of our reciprocal trade agreements—have protected their domestic aluminum industry. Under existing law the United States tariff on basic aluminum is 1.30 cents per pound. It will be reduced to 1.25 cents per pound on July 1. Yet in France there is an ad valorem duty on similar products of 20 percent. In addition, a sales tax of 25 percent is imposed on all aluminum items. In Italy the tariff ranges from a 25 percent ad valorem rate on all crude aluminum and a rate from 25 to 31 percent on semi-fabricated products.

While our friends overseas after July 1, can send unlimited amounts of aluminum into the United States by paying a tariff of 1.25 cents per pound, Americans exporting aluminum in to those European countries which have a domestic aluminum industry are confronted with a tariff ranging from 6 to 10 cents per pound. This can hardly be regarded as reciprocal trade. I see no reciprocity there.

A more recent development affects the security of everyone. The Russians have now entered the world aluminum market and are underselling other European producers. This Russian competition, which is, of course, subsidized state trading, produces a serious threat to an American industry vital to our national security. It is impossible for any private corporation to meet the subsidized competition of Russia or any other sizable industrialized country.

These problems were impressed upon me during my first term in Congress. Our colleague, the gentleman from Connecticut [Mr. SADLAK], introduced an amendment to the Defense Production Act in 1952 to remove restrictions which

¹ Defense Production Act Amendments of 1952, 82d Cong., hearings before the Senate Banking and Currency Committee, Pt. 2, p. 1484.

had been imposed upon the American economy by an organization established by the State Department known as the International Materials Conference. We had become so dependent upon foreign sources for many materials that the mobilization demands of the Korean emergency created adverse world price trends which diverted essential material from American consumers. We then found ourselves in the position where an international agency could decree that we were not entitled to maintain our share of the world's basic materials in spite of the sacrifices we were making in connection with the Korean war.

During the course of the debate on this amendment, another distinguished Member of this body, the gentleman from North Carolina [Mr. DURHAM], showed what had happened to the military stockpile because we had neglected to protect our own industry.

Mr. Chairman, it would be difficult for me in the limited time available to review the history of that sorry episode. Let me merely state that it stemmed from proposals developed within the State Department in 1944 which were finally incorporated in the so-called Habana Charter. As the members of the committee know, President Truman submitted this charter to the Congress in 1950. The Committee on Foreign Affairs conducted extensive hearings but failed to report the House Joint Resolution which had been introduced on behalf of the Truman administration to permit United States participation in the proposed International Trade Organization.

While the Habana Charter was never approved, many of its provisions are still influencing world trade. Chapter IV of this charter became the basis for the General Agreement on Tariffs and Trade, known as the GATT. Chapter V provided for the establishment of what might best be characterized as a world federal trade commission with very broad powers to deal with restrictive business practices. Mr. Chairman, let me stress that we all deplore monopoly and restrictive business practices, but the procedures proposed in the Habana Charter would have singled out private enterprise for a completely different treatment than the socialistic and communistic enterprises which operate in other countries of the world. As we are the principal private enterprise economy, this proposal would have been directed against the United States.

Chapter VI of this charter provided for international commodity agreements. Mr. Chairman, the gentleman from North Carolina summarized this provision of the charter in his remarks on June 19, 1952. Let me quote from them:

In 1944 the State Department issued its proposals to the United Nations for an International Trade Organization. These proposals contained provisions for intergovernmental commodity agreements. Various drafts of the proposals were made from 1944 through 1947.

In 1947 the Senate Finance Committee held hearings on the proposed International Trade Organization. Senator Millikin, the chairman, specifically asked whether any such agreements, if consummated, would be

submitted to Congress for approval. The present Secretary of State, who was then Acting Secretary, in a letter to the committee said:

"Insofar as such commodity agreements impose any obligations on the United States requiring legislative implementation in any way, it is the intention of the Department that they should be submitted to the Congress."

In 1948 the nations met at Habana and a charter for the International Trade Organization was the result of their deliberation. Chapter 6 of this charter dealt with intergovernmental commodity agreements. The charter was submitted for approval and hearings were held before the Committee on Foreign Affairs, House of Representatives, during the 81st Congress, to approve the charter. The hearings closed on May 12 and the committee never reported any action to the House. In December, the Department announced that no further efforts would be made to secure approval for the ITO. Between May and December Congress passed the Defense Production Act of 1950 which granted allocation and price-control powers. In January of 1951, following Prime Minister Attlee's visit to the United States, the governments of United Kingdom, France, and the United States announced that an International Materials Conference would be formed to deal with the allocation of scarce commodities not just critical materials.

This was the birth of the International Materials Conference. There was never any legislative sanctions for its activities, and none exist today.¹

Prior to the meeting at Habana, the preparatory commission to draft the Charter established an organization known as the Interim Coordinating Committee for International Commodity Arrangements to implement chapter VI of the Charter dealing with commodity agreements. The word "interim" in the title of this organization was supposed to cover the period prior to the ratification of the Charter itself. The Charter died in 1950, but the "interim" continues.

When this administration assumed office, it was confronted with two proposals within the United Nations Economic and Social Council, one to implement the restrictive business practices provision of chapter V, and the other a further development of commodity agreements through the establishment of a United Nations Commission on International Commodity Trade. Although these proposals were already far advanced, President Eisenhower and Secretary Dulles turned the tide within the United Nations Economic and Social Council, and the restrictive business practices proposal was finally tabled. The Economic and Social Council established a Commission on International Commodity Trade in 1954, but the United States has refused to participate in the activities of this Commission. It is the only major commission within the United Nations structure in which we have not taken an active part. Our refusal was based on the fact that the terms of reference of this Commission were completely inconsistent with the concepts of a free enterprise economy.

Mr. Chairman, the President's authority to participate in the GATT stems from the Trade Agreements Act. On

May 19 President Eisenhower transmitted to the Congress his second annual report on the trade agreements program. It included as an appendix a report to the Secretary of State by the Honorable Thomas C. Mann, Assistant Secretary of State of Economic Affairs and Chairman of the United States delegation to the 12th session of the GATT, which was held at Geneva, Switzerland, on October 17 through November 30, 1957.

In spite of the fact that the Congress refused to accept the Habana Charter, chapters V and VI are now being implemented by the GATT. The report to the Secretary of State included the following statements:

4. NOMINATION OF CHAIRMAN OF ICCICA

The Interim Coordinating Committee for International Commodity Arrangements, comprised of experts on commodity trade, was established by resolution of the Economic and Social Council of the United Nations in 1947. The Committee keeps informed on intergovernmental consultation and action with respect to commodity problems and advises the Secretary-General of the United Nations on specific problems in the commodity field.

A Council resolution provides for the nomination of the Chairman of ICCICA by the contracting parties to the general agreement. At the 12th session the contracting parties renominated for this position the present chairman, Sir Edwin McCarthy, Deputy High Commissioner for Australia in the United Kingdom.

5. RESTRICTIVE BUSINESS PRACTICES

At the 11th session the contracting parties deferred consideration of the question of future action to be taken with respect to the problem of restrictive business practices.

At the 12th session the contracting parties had before them a new proposal submitted by the Norwegian Government in July 1957, comprising a draft agreement on restrictive business practices which is intended to supplement the general agreement. In the course of the session the Norwegian delegation also submitted a draft resolution providing for the establishment of a working party to study the proposed agreement and to report thereon to the contracting parties at a subsequent session. The general question of an international agreement to control restrictive business practices affecting international trade has been before the contracting parties for a number of years. Action to work out such an agreement had also been initiated in the United Nations Economic and Social Council several years ago but had come to a standstill.

The contracting parties at the 12th session instructed the Executive Secretary to collect and analyze documentation on the subject of restrictive business practices and submit it to the next meeting of the Intersessional Committee. The Intersessional Committee would then decide whether to establish a working party or a group of experts to deal with the matter. If after examination of the available material, including that developed in the United Nations Economic and Social Council, the committee should find that further immediate progress was not possible, it could refer the matter to the 13th session with recommendations.

(Second annual report of the President of the United States on the trade agreements program, p. 50.)

Mr. Chairman, let me stress that in referring to restrictive business practices, the chairman of the United States delegation stated:

Action to work out such an agreement had also been initiated in the United Nations Economic and Social Council several years ago but had come to a standstill. (Second annual report of the President of the United States on the trade agreements program, p. 50.)

The reason that the proposed agreement came to a standstill was that the United States delegation to the Economic and Social Council in 1955 exerted every effort to table a resolution which a previous United States delegation under the Truman administration had introduced in 1951 when it proposed that the United Nations proceed with this activity in spite of congressional disapproval of the Habana Charter.

In discussing the Interim Coordinating Committee for International Commodity Arrangements, I have already alluded to the fact that the interim has been made permanent. Although the name of this organization was never changed, it has now become an accepted organization and its chairman is nominated by the GATT.

These are some of the dangers and pitfalls which should concern all of us when we consider a bill which would permit the continuation of these GATT programs for a period of 5 years without any possibility for congressional review.

Mr. Chairman, let me remind the members of this committee that on July 3, 1952, in order to terminate the activities of the International Materials Conference, it was necessary for us to recommit the appropriation bill for the State, Justice, Commerce, and Judiciary and instruct our conferees to insist on a Senate amendment which in effect made it impossible for the United States to assume the expenses for the International Materials Conference. It was my good fortune to be able to cast a vote to terminate this unauthorized activity.

If we support the amendment sponsored by the gentleman from Pennsylvania [Mr. SIMPSON] which provides for only a 2-year extension, we will obviate the necessity for so drastic a step at some late date. The Congress should have the opportunity to follow closely the proceedings of the 13th session of the GATT before it is committed to a longtime extension of the President's powers.

I have great confidence in President Eisenhower, but I am disturbed at the prospect of granting these powers to a President who has not yet been nominated by either of our great political parties nor elected by the American people.

In view of the present troubled situation in France, it is apparent that the governments with which we negotiate agreements can fall with little warning. Hence, we should continuously be in a position to review and revise our own trade policies to meet the needs of American industry, particularly those industries concerned with the production of materials essential for our national defense.

The substitute amendment defines the procedures and establishes some criteria to enable the Director of the Office of Defense Mobilization to determine

¹ CONGRESSIONAL RECORD, House, June 19, 1952, pp. 7759-7760.

whether imports are threatening national security. It also sets a time limit of 90 days on an investigation by the Office of Defense Mobilization. The substitute further provides for congressional participation in peril point and escape clause proceedings; to see to it that the intent of Congress is carried out by its designated agent.

Every informed American is aware that the Congress can express its will on any matter in spite of the President's objections if two-thirds of the Members of both Houses so desire. Accordingly, the provisions in the committee bill which permit congressional repudiation of any action taken by the President under the escape clause are meaningless and have no substantive value.

While I have an intimate knowledge of the conditions in the aluminum, textile, zinc, and coal industries because of the unemployment now prevalent in my own congressional district, I am keenly aware of the difficulties which confront you in areas responsible for the domestic production of copper, petroleum, tungsten, fluorspar, and other strategic materials.

These are difficult times. I certainly went to support President Eisenhower, as I have since I have been a member of the committee and the Congress, in his efforts to expand world trade and to strengthen the countries of the free world. However, I am sure that the American people have sufficient faith in the Congress that they believe we should be partners in this enterprise. The substitute amendment will place us in a position to maintain adequate control over this situation. We can then discharge our constitutional responsibilities and see to it that no American industry can be so weakened that our very survival as a nation might be placed in jeopardy.

Mr. MILLS. Mr. Chairman, I yield 20 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, I have no false opinion of the seriousness of the task that faces a bipartisan majority of this House to work its will in shaping our international trade policy.

As we set out to substitute the legislation contained in H. R. 12676 for the legislation proposed by the administration and the Committee on Ways and Means in H. R. 12591, I must take note of the lineup of the opposition in favor of the administration's bill.

Top, we will find the President of the United States, with all his power and ability to put the pressure on.

Next we find a Speaker of this Democratic majority in the House here who is not averse to putting on the pressure on occasion.

We find a Democratic floor leader opposed to the Simpson proposal and in favor of the administration's proposal. He will probably be the only Democrat from his State who will cast a vote against the Simpson substitute.

That might well be true now as it was 3 years ago, if you recall. Twelve of the 23 Democrats from the State of Texas voted against their own leadership.

I say to you this is not a party issue at all. If you will recall 3 years ago, when we had our first test vote, there

were 103 Democrats and 104 Republicans. It split the parties almost equal, and I assume the feeling among the Members of this body is approximately a 50-50 division on this very important matter.

In addition to our President and our majority floor leadership we have the minority floor leadership. This gentleman would like to be, and when we wrote the escape clause in 1951 he was one of my strongest allies in writing the escape clause into the Reciprocal Trade Agreements Act. I am referring now to Mr. MARTIN, the minority floor leader. He would like to be with us today, but has to be in line with his administration policy.

Then, in addition to that, let us add former President Harry Truman and Eric Johnston and a few more of them.

When I think of the alinement we have to face and the propaganda that they use in selling the people that it is necessary to have a 5-year extension of the Trade Agreements Act, and to give the President authority to reduce import duties 25 percent, I am reminded of the story they tell about the old western Visigoth leader in the closing days of the Roman Republic. The old Visigoth leader came down and laid siege to Rome. He penned the Romans up behind the walls and they were getting mighty hungry. They decided they would send a delegation of 50 Roman senators in their togas to wait on the Visigoth leader and try to persuade him to take a ransom rather than capture the city and sack it. He listened to them for a while and they were not making any progress. Finally they decided they would say to the old gentleman, "If you don't agree to our proposal to take a ransom and not sack the city the Romans will grow angry and increase in numbers and come out and destroy your army."

Do you know what the old Visigoth leader said to them? "The thicker their grass, the easier to mow them."

My observation is that there are a lot of cockleburs and thistles in the grass proposed in H. R. 12591.

Not being a member of the bar, Mr. Chairman, I shall not devote any time to discussing the constitutional questions that might have been raised about this legislation. I am not in a position to discuss it intelligently, but I have taken the time to clear the substitute proposal so far as any question of its constitutionality is concerned by submitting it for analysis to one of the Nation's leading law firms, the firm of Steptoe and Johnson, with headquarters in New York City and here in Washington and in West Virginia. The senior member of that law firm is Louis A. Johnson, your former Secretary of Defense. Their letter to me is as follows. It gives a clear analysis of the constitutional question that might rise against H. R. 12676.

The letter is as follows:

WASHINGTON, D. C., June 3, 1958.
The Honorable CLEVELAND M. BAILEY,
United States House of Representatives,
Washington, D. C.

DEAR REPRESENTATIVE BAILEY: In response to your request for our opinion concerning the constitutional aspects of your bill, H. R.

12676, we are pleased to submit the following.

Section 7 of H. R. 12676 would amend section 7 (c) of the Trade Agreements Extension Act of 1951 to provide that the President must either proclaim escape clause recommendations of the Tariff Commission or submit to the Congress a report containing his counter or alternative recommendations. In either event, the President must act within 30 days after receipt of the Tariff Commission's recommendations. The section further provides that in instances where the President has submitted his own recommendations to the Congress he shall, after the expiration of a stated period of time, proclaim the recommendations of the Commission unless the Congress, by law, shall have approved the recommendations made by the President. In that event, the section provides that he shall proclaim the recommendations so approved.

In our opinion section 7 of H. R. 12676 comports with all pertinent requirements of the Constitution of the United States. It is well established that the Congress may authorize either the Tariff Commission or the President to make certain tariff adjustments when a factfinding prescribed by statute is established. *Field v. Clark* (143 U. S. 649 (1892)). It is self-evident that where such authority has been provided for by statute it may be revoked, altered or modified by another statute enacted pursuant to law. In our opinion, section 7 of H. R. 12676 is constitutional because it involves a direct application of these two principles.

It is to be noted that, in essence, section 7 of H. R. 12676 provides for the recommendations of the Tariff Commission to become effective unless the Congress, by law, shall have approved different recommendations. In our opinion, the language used insures conformity to the requirements of article I, section 7, of the Constitution which makes action of the President an essential element of the legislative process. By providing that the Congress shall act by law rather than by concurrent resolution a serious constitutional question of proper legislative procedure is avoided. See volume 37, opinions Attorney General, page 56 (1933); volume 39, opinions Attorney General, page 61 (1937); Jackson, A Presidential Legal Opinion; volume 66 Harvard Law Review, page 1353 (1953); Ginnane, The Control of Federal Administration by Congressional Resolutions and Committees, volume 66 Harvard Law Review, page 569 (1953).

Very truly yours,

STEPTOE & JOHNSON.

Mr. Chairman, I wish to devote most of the time allotted to me to a discussion of the faults of the present trade agreements and the shortcoming of the proposals contained in H. R. 12591. The 1934 act, if it was reciprocal at that time, is no longer reciprocal. The American Government has lived up to its agreements strictly, but it is the only government of the 37 signatory nations to the general agreements at Geneva that has lived up to its commitments. It is, as many of my colleagues have referred to it, a one-way street. Let me tell you why. My good friend, the distinguished gentleman from Arkansas of the Committee on Ways and Means, made some pointed remarks about the free market proposal in Europe. He did not tell you this—that these six nations who are setting up that free-market area over in Europe already are members of the general agreements on trade and tariffs since it was formed in 1947. Did they think anything of their obligations to the United States when they decided to get together? Certainly not. Our Secretary of State was hedgehopping

around all over Europe trying to set up a summit conference, if you recall, on disarmament. He let those nations over there steal his thunder. He should have protested immediately that they, as members of the general agreements on trades and tariffs were violating their agreement. He should have asked to dissolve our general agreement on trades and tariffs because those six nations who were signatories did not think anything about leaving the United States out in the cold. What is wrong with Mr. Dulles is that he got his longtailed coat caught in the squeeze. He has found out to his sorrow that about three or four billion dollars of the total of American exports is involved in that free-market area, and there is a possibility that all of our exports would be excluded. A little bit later on I am going to tell you why they are asking for a 5-year extension and why the President wants further authority to reduce our tariffs 25 percent.

The present trade agreements and the proposal contained in H. R. 12591 is a constant threat to our national economy. Let me say this to my friends. In the numerous articles that you have seen proposed by the economists of the United States as the cause of our present economic depression or recession or whatever you want to call it, not a single one of them has used as an excuse for the unemployment situation our international trade policies—not a single one of them. But, let me show to you clearly that they are one of the major factors that have led to the unemployment of over six million people in this country. There are some six million of them still unemployed. Why did that come about? Right now under our present policy, 142 industries in these United States are affected by foreign imports. Some of them may have only 5 plants in the industry, but some of them, like your textile industry would have as many as 5,000 plants.

Why are there no new jobs being created? Because not a single one of these 142 industries know, under our Reciprocal Trade Agreements Act, whether they are a going concern or whether they are going out of business within the next year, due to foreign competition. Not a single one of those industries will build a new factory or build an extension onto existing facilities. No wonder there are no job opportunities. Job opportunities are drying up because 61 percent of your total economy is involved in those industries that are directly or indirectly affected by foreign competition. There is no expansion of job opportunities and there will not be until this Congress decides to assure those industries that they are going to have assigned to them a certain fixed amount of the American market that they can depend upon without interference from foreign imports. Whenever you do that they will then adjust their programs, they will build new plants, and they will build additions to existing facilities. Until that time has come there will not be any additional job opportunities in this country, unless it be a few paltry jobs the exporters might have available.

Let me think of the appalling situation that might exist if we gave authority to cut these import duties an additional 25 percent. I make the prediction there are at least a million American jobs involved, any time you reduce American tariff rates by as much as 25 percent. It is folly that 6 million people unemployed at this time should be increased by another million, sold down the river in their jobs, in order to attempt to buy friendship that you cannot depend upon if their economy is involved. It is a situation that we cannot afford to continue to foster.

Let us look at the mismanagement, on the part of our State Department, of our present reciprocal trade. What was the State Department doing when we let the six-nation group in Europe take advantage of it? Nothing. What have they been doing except putting out false information, false propaganda as to the operation of the trade agreements? I do not have time to go into the details as to just wherein they have fallen short in the administration of your present trade agreements, but as far as I have been able to find, they have never advocated, President Roosevelt, President Truman, or President Eisenhower, since they were given authority in 1934 to raise imports—not in one single instance have those two former Presidents or your present President offered a recommendation to increase import duties. On the contrary, they have taken advantage of every opportunity to lower the import duties. Where does the United States stand today among the nations that are signatories to your international agreement at Geneva, GATT—we are fifth from the bottom in the line of import duties imposed. That is a long, long way from the Smoot-Hawley Act, if you will allow me to express myself.

These reciprocal trade agreements, as they are being administered today, are not what they were intended to be in 1934 when you gave the President authority to up import duties or to reduce import duties. The situation has changed considerably since 1934. Neither President Roosevelt nor President Truman or your present President Eisenhower has done anything except interfere with the authority vested with this Congress in the Tariff Commission to take the details of handling our tariff off of the hands of the Congress and fix it in the Tariff Commission.

Let us remember, Mr. Chairman, that the Tariff Commission is a creature of the Congress and not of the executive department. It is there to take care of the administration of the act on behalf of the Congress.

What has happened? Only 87 industries out of all of these thousands in this country affected have gone to the Tariff Commission for a redress of grievances under the escape clause that was put into the act of 1951. Of these, the Commission has heard approximately 38 or 39. What has happened to those where they made a decision? In not a single instance—three I think in which the Tariff Commission has imposed import quotas—in every one of those three instances the President of the United

States has turned down the recommendation of the Tariff Commission. He has made it clear that he is opposed to the imposition of any kind of import quota.

What happened in the case of clothespins a few months ago? You probably recall. The Tariff Commission said the only thing that they could do was set an import quota of 650,000 gross on the amount of clothespins being shipped in from Sweden and Denmark.

What did the President do? He set aside the import quota and upped the import duty on a gross of clothespins by 10 cents. He did not tell the American people that the Swedish and Danish manufacturers could undersell the Americans by 40 cents a gross and that even with the added import duty they could still undersell them 30 cents a gross.

In every instance where the Tariff Commission has sought to aid certain American industries it has been set aside.

The State Department, just a few weeks ago in a case involving findings of the Tariff Commission, so modified the Tariff Commission's recommendation that you would not recognize it.

There has been too much interference on the part of the President and the State Department in managing a matter that is the business, constitutionally, of the Congress of the United States. The Constitution states plainly that "Congress shall regulate commerce, shall approve treaties, and shall fix tariffs." They are not doing it.

You gave that authority away in 1934 heedlessly, thoughtlessly; and today, I fear, we are going to have to pay for our folly unless we take steps, take them now, to recover again the authority of Congress to regulate commerce, to approve treaties, and to fix tariffs.

What is wrong with the reciprocal trade agreements today? Mr. Chairman, they have no legal status whatever. The general agreement on trades and tariffs worked out at Geneva has never received the approval of the Congress of the United States. The State Department is operating illegitimately, and has been since that proposal was turned down by Congress after the Habana Convention in 1948. Every bit of their activity, and every dollar they have spent and that they are spending is being spent illegally. They have no authority to do it.

Why is it necessary that the distinguished chairman of the Committee on Ways and Means, who drafted this bill, write a caveat in the closing section of the legislation—and the same thing in the case of the Simpson bill:

The passage of this legislation shall in no way bind the Congress in the matter of general agreements on trade and tariffs.

Why has it been necessary that we add that language every time? Because the Congress has never recognized what happened in this Geneva Convention when 37 nations joined in what is known as the General Agreement on Trade and Tariffs. You will remember it was necessary for us to oust Czechoslovakia because of the Otis incident.

Mr. REED. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. BAILEY. Mr. Chairman, why is it necessary that we go along with a proposition of that kind that the Congress will not recognize officially? We have been playing along with them, making all the concessions that has caused suffering here in America in order to satisfy them and try to buy their friendship. All of it has been illegal and not in accordance with the proper procedures of the Congress.

What about this new bill, H. R. 12591? I do not like that part of it that is involved in the closed-rule procedure, but I cannot express myself on that since I tentatively agreed in committee I would go along with a modified rule. I would like if time would permit to express my viewpoints on the practice of bringing this legislation or any other legislation of this kind before the Congress of the United States under a gag-rule procedure.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Pennsylvania.

Mr. SIMPSON of Pennsylvania. I would like to ask the gentleman if he would give his opinion as to whether in the committee bill there is anything whatever, however slight, which gives even the promise of certainty of relief for any laborer or any industry suffering from the severe injury as the result of too low a tariff protection? Is there anything in that bill to give protection to that individual?

Mr. BAILEY. None; and there is plenty in there to take his job away from him if we give the President authority to cut 25 percent of our existing tariff rates.

Let me say, as I conclude the last 5 minutes of my time, that there are some more questions involved here than have been brought out in the debate at the present time. It just so happens that the bulk of your unemployment presently is in some 8 or 9 States, maybe 10. With the possible exception of the State of Michigan, those States are the ones that are presently losing population. Why are they losing population? They are losing their inhabitants because there are no job opportunities in those States.

What has happened as a result of the operation of our trade agreements up to this present time? What has happened is that you have taken away the job opportunities of great areas of this country. My State of West Virginia, for instance, has been laid waste, or the major part of it, where there were once thriving industrial centers. It has been laid waste by the operation of these trade agreements due to the fact you put no curtailment whatever on the shipments into this country of residual oil, which has taken away States' markets for coal and the jobs of 41,000 miners. Your present trade policies have ruined the pottery industry of the State of West Virginia where the largest pottery plants in the world are located. Eighty-seven percent of the pottery products consumed in this country last year were produced abroad and shipped in. It is shocking that we only have 13 percent of the market for

that industry still available here in America. Think of the glass industry. I have 10 plants in my district that produce hand made and blown glassware. Four of those plants are closed completely and five of them are operating only part time. Three of the world's largest window glass plants are located in my district. Let me say to you that over the last 2 years imports of window glass have increased over 300 percent. One of the largest branches of the Pittsburgh Plate Glass Co. is also located in my district. Plate glass imports have increased 120 percent in the last 2 years.

The CHAIRMAN. The time of the gentleman from West Virginia has again expired.

Mr. REED. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Chairman, I represent the Seventh Congressional District of the State of Wisconsin. The legislation now before this House is of vital importance to many people in the district I have the honor of representing.

During this session of Congress my office has been flooded with correspondence from workers in the plywood, handcraft, and knitting goods industries. Dairy farmers represented through the Wisconsin Association of Creameries, Pure Milk Products Cooperative, Badger Consolidated Cooperative, National Milk Producers Federation, and National Creameries Association have expressed their sincere concern over the future of our trade policies. The Seventh District produces more milk and cheese than any 1 of the other 434 districts in the country. The Seventh Congressional District is 1 of the 3 districts represented in this Congress producing over 50 percent of the mink pelts sold in the United States market.

The above-mentioned facts make my interest in adequate trade legislation quite apparent. Many of these industries are being hurt by the ever-increasing imports of highly competitive products from low-wage foreign countries.

I have nine hardwood plywood producers in my district and the reports I receive from their employees are something less than encouraging. Man-hours of work are being lost, prices are off, and production has fallen. Many workers have suffered from reduced hours resulting from the tremendous growth of plywood imports from low-wage-paying countries, particularly Japan. This same dilemma faces the rest of the hardwood plywood industry in Wisconsin.

What has happened to bring about this unfortunate turn of events? The answer is clearly shown by official United States Government statistics. The United States market for hardwood plywood has burgeoned but the domestic industry has come nowhere close to getting its fair share; in fact, it has gone in the opposite direction. Since 1951 hardwood plywood consumption has risen 89 percent; hardwood plywood imports have shot up 1,200 percent and the Japanese imports skyrocketed to a whopping increase of 6,600 percent. In this same period of prosperity for the importers of hardwood plywood, the American in-

dustry's shipments in 1957 were 10 percent less than 1951 and 16 percent less than 1955, and 12.5 percent less than 1956.

To bring the picture into sharper focus, I refer you to this chart. The pie-type graphs clearly show how the domestic industry has lost its markets and to whom. Please note that in the 3 representative years, 1951, 1954, and today, Canada, traditionally our largest foreign supplier of hardwood plywood, primarily birch, went from 5 to 6 percent, then down to 4 percent. And, parenthetically, I might add that the Canadians have lost a substantial part of their plywood market in the United States due to the very low Japanese prices.

The category "other" includes a great many countries and while that category went from 1 percent in 1951 to 6 percent in 1954, it has not increased since. But look at Japan. In 1951 she supplied 1 percent of our domestic market; in 1954, 24 percent; today, she has 42 percent of the domestic market and this in a period when domestic consumption climbed steadily from 869 million square feet in 1951 to 1,630 million square feet in 1957. As any businessman will tell you, this is murder. It is obvious that the position of the domestic industry is untenable.

What is the American industry's condition today as compared to the time before this great influx of Japanese plywood? Studies by Seidman & Seidman, certified public accountants, shows the domestic industry's profit on sales before taxes has declined steadily from 12.26 percent in 1950 to 5.75 percent in 1955, to 3.9 percent in 1956 and 2.4 percent in 1957, with a low of 0.90 percent in the fourth quarter 1957. A survey by the same certified public accountant firm of 25 identical hardwood plywood plants located in 11 States and representing more than 25 percent of total domestic shipments and all classes of manufacturers, for the first half of 1957 compared with the first half of 1956, showed dollar sales down 12.5 percent, dollar value of material consumed down 10 percent; and payroll down 18 percent.

Let us take a look at the BLS Wholesale Price Index—1937 to 1949 equals 100. The index for hardwood plywood has dropped from 110.8 in 1951 to 103.7 in 1957. This is further evidence that low-priced imports have forced the price of the domestically produced hardwood plywood downward. In contrast during this period, the price index on all commodities other than food and agricultural rose from 115.9 in 1951 to 125.6 in 1957.

And what about employment? A recent survey covering 48 plants on man-hours worked and number of employees in 1955 and 1957, the number of employees was down 13 percent and the hours worked down 18 percent. The fourth quarter of 1957 showed a substantial decline from the preceding quarters, and the decline has continued in the first quarter of 1958.

And, to this let me add this thought, that when we are talking about the people in our domestic industry being hurt,

we are talking as well about the timber grower, the logger, the trucker, the veneer workers, and the other supplying industries to the hardwood plywood industry.

What has brought about this incongruous situation of growing market, yet a failing domestic industry—the answer is simple—it is price. The American producer just can't meet the competition made possible by the 11½ cents an hour labor paid by the Japanese manufacturers. The American producer pays an American standard of wages. He is subject to the wage-hour law, anti-trust laws, State and Federal taxes, unemployment compensation payments, fringe benefits, and all the myriad obligations which must be reckoned with by an American businessman before he even gets his enterprise off the ground. The average sales price of the Japanese plywood exports to the United States in the last 7 years was \$63.83 per 1000 square feet, surface measure. This low sales price is directly attributable to the low-wage scale of highly industrialized Japan which amounts to \$4.17 per 1,000 square feet, ¼-inch basis. This compares to the domestic industry average unit labor cost of \$38.50 per 1,000 square feet, ¼-inch basis. The result of this low price is the complete destruction of the normal market price structure within the domestic hardwood plywood industry. Producers will tell you that today they have no price lists, but to obtain orders they must price plywood to meet competition of the imported plywood, without regard to the production costs.

What then is the Japanese picture in this thing, and I think it is conceded that imports from Japan are the heart of the problem. And the Japanese have for years recognized that they were and are seriously injuring the American industry. Back in 1955 Japan announced a plywood export quota intended to alleviate the damage to the American hardwood plywood industry. This quota was 400 million square feet per annum. Japan ignored this quota in every subsequent year. Then in January 1958 the Japanese External Trade Recovery Organization—JETRO—announced that Japan was cutting its plywood quota back 20 percent to relieve the hard-pressed American industry. The quota was stated to be 660 million square feet, an increase of 220 million square feet over the 1955 announced quota. In essence, this was 20 percent of nothing. Yet Japan's recognition that a quota was required is a clear admission that they knew their plywood exports were inflicting damage on us.

Between 1951 and 1956 the Japanese plywood industry increased its production capacity over 400 percent and was still increasing it through installation of new equipment in old plants and erection of new plants until 1958 when a halt was called on the installation of new presses of a large size. They have a capacity to produce over 3.6 billion square feet of plywood in 1958. This capacity was built with the purpose of exporting at least 60 percent of the production to world markets. Japan's domestic markets will not absorb more than 40 percent of the

capacity of 1.4 billion square feet per year. Markets in other parts of the world will not take the plywood, so Japan unloads its surplus on the United States market. Even so, the Japanese plywood industry could not unload all of its surplus on the United States. In 1957 the Japanese plywood cartel limited production to 70 percent of capacity or 2.6 billion square feet. This became necessary when the Japanese found that the United States and the world market would not absorb the tremendous quantities Japan was set up to produce. The determined fight of the American hardwood plywood producers to obtain relief from this cancerous condition created by imports was a deterrent to Japan's unloading even larger quantities in the United States market in 1957. The Japanese producers have the capacity to produce a billion square feet of hardwood plywood per year more than they produced in 1957. They want to make it and to export it, preferably to the United States. Foreign countries have means of refusing admission to unwanted low-priced imports and they have evidenced no willingness to accept more Japanese plywood, in fact, some countries have practically embargoed Japanese plywood. Unless Congress provides a means for the domestic industry to obtain relief, the floodgates will be open and the deluge of cheap plywood from Japan will drown our industry and seriously injure other industries making building materials.

What has the domestic industry done to help itself in this dilemma? In September of 1954, almost 4 years ago, it was readily apparent what was happening—the handwriting was on the wall. The industry turned to the Tariff Commission in search of relief via the escape clause route. On June 2, 1955, the Tariff Commission denied the industry relief. Shortly thereafter the State Department announced a trade agreement with Japan which was extremely favorable to the Japanese. In their case, the domestic industry proved every element of damage set out in section 7 of the statute. In this light, the decision of the Tariff Commission is very puzzling to me. The timing of the application apparently was unfortunate as a finding in favor of the industry at the time the State Department wanted to announce the Japanese trade agreement could have been embarrassing to the State Department.

Since the adverse decision of the Tariff Commission and the subsequent failure of the Japanese to give more than lipservice to their alleged import quotas, it has been suggested many times and from as many quarters that the industry again go before the Tariff Commission. Such a course would be futile. It is common knowledge both in and out of Washington that the administration is not going to approve a recommendation for quantitative restrictions on any industrial product. The President has so stated publicly many times.

And, now I come to my final point—the American hardwood plywood workers and the hardwood plywood industry, being foreclosed from its administrative remedies by the executive branch

now comes to the Congress for clarification of the escape clause so that the relief it needs, quotas, may be available to it. The need for quotas is supplied by simple mathematics, the Japanese labor costs versus those of the United States producer. It is contended by free traders that our high wage rates are the result of our high productivity and that we can, therefore, produce more cheaply than anyone else, this is not true in the hardwood plywood and other industries in my congressional district. The Japanese plywood plants are the most modern in the world, their profits from the exports to the United States permit them to continue to improve in productivity and reduce costs. The latest figure available on Japanese plywood labor cost is \$4.17 per 1,000 square feet for ¼-inch thickness panels. In the domestic industry the average labor cost for 1,000 square feet ¼-inch hardwood plywood is \$38.50. The unit difference in cost, 1 to 9. The wage in Japan for plywood workers is approximately one-eighth to one-tenth the wage of plywood workers in the United States so the relative productivity is about equal.

The sales price of Japanese plywood is so low that even with an increase in the duty rate, to 100 percent Japanese plywood would remain competitive in the United States market. But such an increase or any substantial increase in duty would virtually eliminate all countries other than Japan from participating in the United States market. Tariffs are clearly not the answer—reasonable quotas in certain cases are clearly the proper answer.

The Simpson substitute clarifies the directive of Congress relating to quotas by providing in substance that if the Tariff Commission, in an escape clause investigation, finds that the maximum permissible duty increase for the article being investigated "will not prevent or remedy serious injury to the domestic industry concerned, the Commission shall recommend the establishment of such quotas—either tariff quotas or absolute quotas, including seasonal quotas of either kind, such quotas to be subject to such allocation among countries of origin as the Commission may direct."

And, so I say that the solution of the hardwood plywood industry and the other import-injured individuals and industries of the Seventh Wisconsin District is in the legislation now before this House. This comprehensive legislation has in it, as I have described, provisions that will make quotas possible and other features which will make affected American industries able to live equitably with import competition.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. LAIRD. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Mr. Chairman, the gentleman has pointed up to us here as he did before the Committee on Ways and Means during its hearings the situation of an industry that is being injured and seriously injured by our trade policy, by concessions that have been made, and at the same time the absolute refusal of the

administrators of this program to do anything to keep their promise, that promise being that under this program no domestic industries would be injured. It seems to me that this is a typical example of the failure of the proponents of this program to keep their word with respect to the consequences of the program.

I want to compliment the gentleman on his statement.

Mr. LAIRD. I thank the gentleman from Wisconsin.

Mr. MILLS. Mr. Chairman, I yield suchtime as he may desire to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, in rising in support of extension of the reciprocal-trade agreements in unweakened form and for a period of 5 years, I feel that the debate in which I am participating is perhaps in its immediate as well as far-reaching effects, the most important debate at this session of the Congress.

As a member of the Committee on Foreign Affairs and of its subcommittee at present engaged in an intense examination and study of American hemispheric problems, I am keenly conscious of the irreparable injury to us if the reciprocal trade agreements are not extended for the 5-year period and in the form embodied in the bill drafted by the great Ways and Means Committee, of which the brilliant and dedicated gentleman from Arkansas [Mr. MILLS], is the outstandingly able chairman and of which the dean of the Illinois delegation, the beloved Congressman THOMAS J. O'BRIEN, is an eminent and distinguished member.

TRADE WITH LATIN AMERICA

May I point out, Mr. Chairman, that our trade with Latin America is about on a par with our trade with Europe. It is larger than our trade with any other single area in all the world. This trade is dependent upon the extension of the reciprocal-trade agreements.

Close to one-third of all our imports came from Latin America in 1957 and about one-fourth of all of our exports went to that area in 1957. In one year we exported to Latin America products that totaled in value \$4.7 billion.

I repeat the figure so that my colleagues will not minimize the disastrous rebound upon our economy if the reciprocal-trade agreements should not be extended in the form set forth in the bill reported by the great Ways and Means Committee. Here again is the figure: \$4.7 billion in American products sold to the Latin American market.

Unlike in some other parts of the world, almost all of these exports to Latin America are paid for, only slightly more than 1 percent representing grant aid.

The Latin American countries in turn depend upon us as the major market for their exports. They find in the United States a market for more than three-fourths of their copper, two-thirds of their coffee, one-half of their raw wool and three-fifths of their petroleum.

How anyone familiar with the facts of trade can jeopardize not only losing

hemispheric good will forever but as well losing a market for our products of almost \$5 billion a year completely is beyond my power of understanding.

RESTORING HEMISPHERIC GOOD WILL

As a member of the Subcommittee on Inter-American Relations of the Committee on Foreign Affairs, I say with complete assurance that the extension of the reciprocal trade agreements for a period of 5 years will do more to restore hemispheric good-will and to bring us to a basis of lasting understanding than anything else that we can do.

I put an emphasis on the extension for a period of 5 years. Much of the unrest in Latin America recently exhibited stemmed from the uncertainty as to what this Congress would do in the way of extending the agreements. If the period of extension were for a 1-year period, or a 2-year period, or a 3-year period, there would continue to be uneasiness, the constant circulation of rumors as to our future intent, and hemispheric good-will, I am afraid, would continue to be beyond our reach of control.

MIDWEST HAS BIG STAKE

As one having the honor of representing a district on the south side of the city of Chicago, I feel keenly what would be the tragic effect of the defeat of this bill upon the economy of the great Middle West. I can imagine nothing that would be more devastating to industry, labor, and agriculture in the Great Lakes States. Certainly nothing would be more deadly to our high hopes of the boundless prosperity ahead for the great Middle West with the opening of the St. Lawrence seaway and the development of the Cal-Sag inland waterway from the Great Lakes to the Gulf of Mexico.

The Federal Reserve Bank of Chicago in the April 1958 issue of its magazine, *Business Conditions*, well states that the Middle West has a big stake in foreign trade. It points out that in 1957 sales of goods and services to overseas customers increased for the fourth consecutive year and showed a gain of \$3 billion over the previous year.

Export sales of merchandise totaled \$19 billion, and to this was added \$3 billion in United States services bought by foreign customers. Export sales exceeded by a considerable margin consumer outlay on autos and auto parts and expenditures on residential construction.

Little less than 5 million persons in the United States gain their livelihood directly or indirectly from export trade and domestic distribution of imports.

VIEW OF FEDERAL RESERVE BANK

Let me read further from this authoritative article in the publication of the Federal Reserve Bank of Chicago:

The Midwest has a particularly big stake in United States export trade. First, a large share of industrial exports are produced in Midwest factories. Second, much of the agricultural exports are either grown or processed in this region. Third, as a major transportation center, many of the commodities exported are either shipped through the area to coastal ports or transferred directly to overseas carriers operating in the Great Lakes. These direct shipments will doubtless become increasingly impor-

tant with the completion of the St. Lawrence seaway.

Exports bulk particularly large in many of the hard goods lines produced in the Midwest. For example, the latest annual figures indicate that one-fifth of all motor truck sales are made to overseas customers. Over a quarter of the tractors produced in the United States are exported, and foreign purchases of other farm machinery represent about 13 percent of overall demand. Shipments abroad of construction equipment aggregate 26 percent of total production, and overseas sales take 11 percent of the output of machine tools.

In each of these industries, Midwest firms predominate. The 5 Seventh District States account for 35 percent of the total payroll of machinery manufacturers in the United States, 35 percent for transportation equipment producers, and 29 percent for metals and metal products firms. During 1957, these industries exported almost half of total United States nonagricultural overseas shipments.

Among the agricultural products, the top spot in value of exports has alternated in recent years between cotton and wheat. While virtually none of the cotton is produced in the Midwest, a good part of the wheat is grown and processed in this area. Corn and fats and oils also provide substantial volumes of exports. Foreign purchases of United States fats and oils totaled \$600 million in 1957, largely soybean oil and animal fats. Over 50 percent of United States soybeans are grown in Illinois, Indiana, and Iowa, and Midwest farms and meat-packing plants are important sources of animal fats.

CANNOT BE ONE-WAY STREET

Mr. Chairman, it has been said many times that the thoroughfare that leads to the common advantage of all who travel it cannot be rigged to make the traveling easier for one group at the expense or discomfiture to other groups of travelers. Let me apply this rule to the matter of reciprocal trade and to read again from the article in the magazine of the Federal Reserve Bank of Chicago:

Any form of commercial trade, whether it be between States, regions, or nations, cannot be a one-way street. American exporters generally want to be paid for their merchandise or services in dollars, a currency that can be spent domestically. The major source of dollars to overseas buyers of United States products is, of course, their earnings on goods and services sold to this country. A dollar spent for imported goods will in the normal course of events return as a purchase of United States products by foreign customers.

The preponderant share of imports entering the United States do not compete directly with the output of domestic producers. Three-fifths of total merchandise imports consist of crude and semimanufactured raw materials. A large share of these materials are virtually nonexistent in this country: tin, nickel, natural rubber, jute and flax fiber, raw silk, diamonds, manganese and bauxite, for example. In other cases, such as newsprint, imports supplement inadequate domestic supplies. The continued efficient production of many important industrial commodities is dependent on foreign sources. For instance, all of our manganese—essential to steel output—and three-quarters of the bauxite from which aluminum is produced, are imported.

An additional one-fourth of United States imports represent foodstuffs, a large part of which are commodities that cannot be economically grown domestically. Of the \$3 billion in food imports in 1957, coffee accounted for \$1.4 billion, and tea, cocoa, bananas,

and spices an additional \$400 million. The United States is in these instances completely dependent on foreign sources of supply.

FROM STANDPOINT OF AMERICAN

Mr. Chairman, I have spoken from the standpoint of a member of the Committee on Foreign Affairs concerned in a happy relationship of our country with the other nations of the American Hemisphere.

I have spoken as a Representative from one of the States of the Great Lakes region concerned in the continuing prosperity of the Middle West and the welfare of the people of the area from which I come.

I now speak from the standpoint of an American concerned with the manner in which my country best can meet the demands of her destiny in a rebuilding world in which the responsibilities of leadership have fallen to her hands.

I vision in the passage of this bill exactly as reported by the committee the opening of the door to the future. If we extend the agreements for a full 5-year period, that will be notice to the world that ours is a nation that keeps its word and its faith. If we should end the agreements, or if we should extend them for a shorter period and in weakened form, that would be interpreted by the world in which we are seeking friends as notice that we are a nation that reneges when the mood is on us and we seek to take advantage.

What we are seeking now to do in this generation is to lay the foundations of a lasting peace. If in that this generation can succeed, it will be blessed by all the countless generations that will follow, and we who have been a part of this generation can live to the end of our days with a sweet satisfaction that we were part of the generation that accomplished where others failed.

TARIFF WALLS THAT DIVIDE

There can be no amity among nations, no uniting of all peoples into a cooperative brotherhood, until tariff walls have ceased to divide. Tariff walls are walls of discrimination, and discrimination in any form is a poison that destroys individuals and destroys nations. Where you have discrimination you have the source of dissension, and when you have it practiced by one state upon other states you have the cause for wars. That is a simple fact that must be realized by anyone who has read the pages of history and has found his interpretation of those pages in good old common-sense.

Does anyone think for a moment that if all the tariff walls in Europe were torn down that Europe would today be facing her many, many problems?

All that we have to do is to follow our own pattern. That pattern was fixed when our Constitution provided that among the sovereign States of America, entering the sisterhood of the United States, there should be no tariff walls to divide. There were those in that early period who doubted, and when money and know-how first went from the seaboard to build up industries and agriculture in the newer sections of the country there were fears on the seaboard that this would result in a dis-

astrous competition to the existing industries and agriculture from whence was coming the money and the know-how. As everyone now knows, it did not work out that way. The prosperity of one State contributes to the prosperity of the others.

Today all the nations of the world are much closer in travel time than were the regional domains of the United States at the time of the adoption of our Constitution. Extension of the reciprocal trade agreements, leveling tariff walls to the extent seemed reasonable at this time, is in the American pattern and along the line of the best American traditions.

Mr. Chairman, I urge the defeat of the Simpson amendment when offered and the passage of the committee bill. A vote for the committee bill is a step forward into the promise of tomorrow. A vote against the committee bill or for a weakening amendment is a backward step into the yesterdays. The destiny of our country is to lead forward. Our mission is to lead mankind in ascent to the heights, not in retreat back to the bogs and the marshes.

(Mr. O'HARA of Illinois asked and was given permission to revise and extend his remarks.)

Mr. MILLS. Mr. Chairman, I yield such time as he may desire to the gentleman from South Carolina [Mr. ASHMORE].

Mr. ASHMORE. Mr. Chairman, June 15, 1953, was my first day as a Member of this august body. On that date I cast my first record vote, and that vote was for the extension of the Reciprocal Trade Act.

In principle I am still for reciprocal trade, but I am not for it the way it is being practiced today.

The term "reciprocal trade" is a snare and delusion to most American investors and working men.

In 1955 the Reciprocal Trade Act came up for renewal or extension. At that time numerous industrialists complained about the unreasonable and excessive imports to the United States. Proponents of the bill said we'll protect the American industries by strengthening the peril point and escape clauses of the Reciprocal Trade Act.

Here is what happened. Since the act was extended in 1955, 87 American manufacturers have requested relief under the peril point or escape clauses. In 23 of those cases, after hearings were held and due consideration given the evidence, the Tariff Commission recommended that the President grant relief of some type. In each case where the Tariff Commission recommended that the President impose import quotas the President refused to grant such quotas. In nine cases where relief was recommended by the Tariff Commission the President condescended to grant small duty increases. These duty increases were on such articles as clothes pins, a certain brand of clover seed, linen towels, Swiss watches, bicycles, and the like. It is axiomatic that from this list of articles only watches and bicycles would have the slightest effect on any segment of the economy of this country. These

facts prove that the administration of the present law has been and is now unfavorable to American industry and American labor.

The Department of Commerce, the Department of State, and the President of the United States are using this law as an instrument of foreign policy. This policy is destroying one American industry after another. For example, I cite you a statement made by Senator FREDERICK G. PAYNE, of the great State of Maine. In discussing the ravages that have been worked on the textile industry by our so-called trade-and-aid programs, Senator PAYNE said in the year 1957 our International Cooperative Association — foreign-aid program — purchased over \$89 million worth of fabricated basic textile from foreign suppliers, while buying only \$7 million worth from domestic manufacturers, and this at a time when American textile mills are going bankrupt or liquidating every few weeks.

Did you know that since 1946, 717 textile mills have been liquidated in this country? Did you also know that since 1949, 205 mills have closed their doors permanently in the New England States alone? This same drain on the American economy has been felt in southern communities where it is reported that 79 textile mills have closed since 1955.

Why did these mills close? The primary reason was simply because the average pay for an American textile employee is \$0.68 per hour; whereas the average pay for a Japanese textile worker is 12 to 15 cents per hour. No American industry can compete with a foreign industry when our wage scale is 10 times more than theirs. This is just plain arithmetic; just simple, ordinary horsensense.

Not only that, but the Japanese textile manufacturer can and does buy American raw cotton for \$30 per bale less than the same cotton costs an American textile manufacturer. Furthermore, he has the same machinery, the same know-how, the same mass production methods as our textile manufacturers. He has modern machinery—most of it paid for with American dollars—but this machinery is operated and maintained and goods produced thereon under sweatshop conditions. Do you, my friends, approve of textile goods or merchandise of any kind made in sweatshops at coolie wages being sold to the American consuming public?

I know that Eric Johnston and his 600-employee Ringling Bros., Barnum & Bailey Circus extravaganza, produced to influence the vote of Members of this House, and Charles Taft and his highly paid assistants claim that Japanese textile imports are not hurting our local textile manufacturers.

Any such claim is absolutely false.

Japan exported to the United States an average of 270 million square yards of cloth annually before they voluntarily agreed not to exceed 235 million square yards per year. Amazingly enough, this is the first time in the history of this country where a foreign government took action on its own part to protect an American industry.

Are we as representatives of the people of this Nation fulfilling our duties and responsibilities when we sit idly by and refuse to pass legislation to protect our own investors and laborers for such a long period of time that the government of another nation finds it wise and expedient to take the necessary action to protect the security of any American industry? I say the answer is "No."

The Japanese textile people concentrated on certain types of materials to export to this country and, thereby, they took 70 percent of the American velveteen market, 48 percent of the gingham market, 58 percent of the damask market, and more than 30 percent of the blouse market. I ask you, and I ask Mr. Charles Taft and Mr. Eric Johnston, have imports to that extent hurt the American textile industry? If not, then why have 717 textile plants had to close their doors within the past few years?

Foreign imports under the present law are not only destroying the textile industry, but they are also destroying the American plywood industry, the fishing industry of Alaska and New England and the Pacific coast; the pottery and glass industries of Ohio, West Virginia, and Indiana are also hard hit by imports from foreign countries.

Our zinc, lead, and copper mines in this country are closing down. Miners in our Western States receive from \$17 to \$30 wages per day. In Peru miners doing the same type of work are paid \$6 a day, and in Rhodesia from \$20 to \$30 per week. Yes, import these metals and put our miners out of work. Today most of them are unemployed. Yet we talk about a recession and five or six million Americans not working, many on relief with children hungry and in need of the necessities of life.

A mine official in Montana recently said:

Our people are existing; they are not living.

This was shortly after the United States had bought 2,000 tons of copper from South Africa. Listen, my friends, you representatives of the mining States, and you from the New England States, are any of you in a position to conscientiously vote for this bill in its present form? If you think you are I suggest that you first talk to some of the unemployed people in the district that you represent. During the past weekend I received numerous letters requesting me to vote for the Simpson-Dorn substitute bill and oppose H. R. 12591 in its present form. I would like to read a portion of one letter that I received.

DEAR MR. ASHMORE: I am an hourly paid employee of Bigelow & Sanford Carpet Mill, Inc., Landrum, S. C. My employer informed me, as well as the rest of the employees, that if something is not done soon we are due for a possible curtailment. He said we have so many imports of carpets that we are not selling our products.

The Americans are buying the imported products because they are cheaper. The reason they are cheaper is because their labor is done for almost nothing.

I am sure you are very much aware of this. It sure is a crucial time here. We used to work 48 hours a week. Now we have 40 hours

a week, which cut my take-home pay \$15 a week. In a year's time this means a loss of \$780. What will our children expect in getting a high school education? I am married and have a child 3 months old.

Mr. ASHMORE, if something is not done in the next few weeks we all will be without a job. That's the way the future looks, mighty dark. We can't plan anything for fear of being laid off. I am an ex-GI. I have a clean record with the Government as well as with civilian life with the exception of a speeding ticket once. There are many good people turning bad because of lack of work.

Let's hope you and the Congress and the rest of our leaders can solve our problem on keeping imports out of our land for we need work as well as those people over there, possibly worse than they do. Just last week our mill laid off 50 people and there's going to be more unless something is done.

Well, sir, you know a lot more of what we are facing than I do, so please treat us right.

Yours truly,

JOE SMITH.

INMAN, S. C.

Some foolish people in this country evidently think that foreign workers are more important than American workers. I do not think so. I urge you to stop and analyze this situation. Do not let Charles Taft or Eric Johnston or Sinclair Weeks tell you how to vote. They have an ax to grind. They are not elected representatives of the people like you and I; and President Eisenhower simply does not know, and is poorly advised.

The reciprocal trade law as now written and administered has helped to put us in our present dangerous economic condition. We have reduced tariffs year after year and refused to protect our American manufacturers and laborers from low wage foreign competition. We have encouraged American dollars to go to foreign countries where labor is cheap and no American taxes are levied. We have \$30 billion now invested in low wage foreign countries to compete with American industry and labor. This means fewer jobs and, thus, less taxes in the United States Treasury.

By virtue of the Reciprocal Trade Act and GATT we have already made over 55,000 tariff concessions, all of them to freeze or lower American tariffs. Today our tariffs are the lowest of any trading nation in the world. Now, H. R. 12591 calls for more of the same. Yet lower tariffs mean more imports. And more imports mean fewer jobs for Americans. No jobs result in no taxes to support the American Government—no dollars to support the American family—no dollars with which to enjoy the American high standard of living. If that is what you want in America, then vote for H. R. 12591. If it is not what you want, then vote for the Simpson-Dorn substitute.

In conclusion, let me make one thing clear. The substitute is not a return to the high tariff policy of the 1930's as some people would have you believe. I am opposed to any such unreasonably high tariffs. In fact, the Simpson-Dorn substitute does not raise the tariff on one single article. On the contrary, it permits some additional reductions. Primarily the substitute simply attempts to save several vital American industries from liquidation or bankruptcy due to

foreign competition. Therefore, I urge you to vote for the Simpson-Dorn substitute.

(Mr. ASHMORE asked and was given permission to revise and extend his remarks.)

Mr. MILLS, Mr. Chairman, I yield such time as he may desire to the gentleman from Maryland [Mr. LANKFORD].

Mr. LANKFORD, Mr. Chairman, on May 25 the New York Times carried on its front page an article describing the results of 4 days of talks in Moscow. Represented at those talks were the Communist governments of the Soviet Union, Bulgaria, Albania, Rumania, Hungary, Czechoslovakia, Poland, East Germany, North Korea Communist China, North Vietnam, and Outer Mongolia.

These 12 Communist-ruled lands occupy a quarter of the earth's surface and included about one-third of the people of the world. At the recent meetings they pledged themselves to tighter economic cooperation and to specialization in production which means for them greater international exchange of more economically produced goods.

For once, the Communists have given fair warning of a move vital to us. It is important for us to recognize this fact as we consider today the future of our Trade Agreements Program, which is an important part of the answer of our free economy to the Communist economic challenge.

The substitute bill puts this issue squarely before us. It is—do we vote in favor of a continuation of the enlightened reciprocal trade policy of the past quarter century? Or do we adopt the substitute bill thus ending meaningful reciprocal tariff-cutting and proclaiming our withdrawal from the field of international economic competition?

The choice is clear—we either embrace the 19th century slogan that "the tariff is solely a matter of domestic concern" or we accept the fact that we are in the 20th century and rise to meet the Communist challenge.

There are those who would cloud the issue. They belittle the importance to the rest of the world of this 11th extension of the Trade Agreements Act—but they cannot hide the lesson of history from us. The world's reaction to the last protectionist trade bill enacted by the Congress—the Tariff Act of 1930—was a sharp one. And that piece of legislation was advanced as a reasonable bill—a phrase much used at this time to describe the substitute bill.

But today it would not be just a problem of steeling ourselves for a decline in employment as our export industries felt the pinch of retaliation abroad—serious as that alone would be. Today we would have to expect other nations, after gazing ruefully at our abandonment of the reciprocal trade policy, to direct their trade elsewhere. It is clear from the Moscow meeting that the Communists are organizing to cash in on this possibility.

Let me illustrate how this would work with a precise example. The substitute bill is specifically designed to raise the tariff on items competing with domestic producers. It would repeat many times the Swiss watch case of 1954.

Four years ago the administration decided to benefit a domestic industry responsible for one-fiftieth of 1 percent of United States production by raising the tariff on watches by 50 percent. In so doing, we damaged a Swiss industry which employs 10 percent of the Swiss labor force and accounts for half of their exports to the United States. In addition, we performed a great disservice to the many American firms that import and assemble Swiss watch movements.

Switzerland, let us remember, is a country that has never received a nickel of foreign aid. The Swiss have asked only to try and sell products here which it is clear Americans prefer—and our answer was to jack up the tariff.

It is not my purpose at this time to go into all the ramifications of the watch controversy, but I should like to stress the point that actions seemingly affecting only minute segments of our vast economy can often rebound strongly against our best interests as a Nation. When we decided to hit this industry employing 10 percent of Swiss labor to protect an American industry responsible for one-fiftieth of 1 percent of American production, we were really sacrificing our export industries, since many United States exports to Switzerland are paid for by our purchases of their watches.

These exports have recently been at the rate of a quarter of a billion dollars per year and include wheat, cotton, automobiles, machinery, office appliances, pharmaceuticals, and tobacco. I am especially aware of the exports to Switzerland of the latter items, as the Swiss are the largest purchasers of the high-grade Maryland export tobacco that is grown in the Fifth Congressional District of Maryland, which I have the honor to represent. If the Swiss cannot sell their watches in the United States because of unduly high tariff rates, then they are unable to purchase Maryland tobacco—and this simple truth holds for the other products America sells to Switzerland also.

The administration's increase of Swiss watch tariffs in 1954 was a regrettable departure from our policy of promoting trade. However, though the confidence which we wish others to place in us was shaken, it was not undermined. But let us understand clearly—the substitute bill is specifically designed to produce these occurrences—without thought of the specter of Communist competition.

The retaliation against the Tariff Act of 1930 which helped cut our exports two-thirds within a few years caused unemployment and suffering throughout the land. Today the question facing us is a far broader one.

If we narrow the trading possibilities of the free world we force them to become enmeshed in the Soviet state-trading apparatus. In the past few years, the Communist bloc has been working together more and more. Now, as a consequence of the recent talks in Moscow, we may expect even greater efforts.

Let us make no mistake about it. The other countries of the free world must trade. If we slam the door they must look elsewhere.

This Congress has the issue squarely before it; we either go forward with the free world, reciprocally cutting tariffs, or we go backward with the substitute bill—enacting the Swiss watch farce over and over again.

Of course, the proponents of the substitute bill are as dedicated as all Americans to fighting international communism. Certainly they do not intend to bring joy to Mr. Khrushchev. They just have not given adequate consideration to the terrible price this country would have to pay for the policy of economic isolationism they advocate.

This country has made mistakes in its foreign-trade policy in the past, but generally our record under the Reciprocal Trade Agreements Act has been good.

When waging the cold war, when tightening our alliances, when influencing neutralist governments, the United States has always been able to say that our commitment to reciprocal tariff cutting is a real one and far outweighs our sporadic protectionist actions.

Is the substitute bill the weapon with which this Congress wishes to arm our statesmen for competition with the Soviet Union? Could we look the representatives of other free countries squarely in the eye and say that the substitute bill is a clear indication of our continuing commitment to increasing mutually beneficial trade—a continuing commitment to the reciprocal tariff-cutting policy this Nation began a quarter of a century ago?

The answer is "No." The substitute bill is a frankly protectionist device—as effective in the economic battles of the cold war as the Polish cavalry charges were against Hitler's tanks in 1939.

I should like to conclude these remarks by summarizing my major points:

I have brought to your attention the announced plans of international communism on the economic front formulated recently in Moscow.

I have reminded you that our protectionist blunders in the past have played into the hands of the Reds, but our overall policy has carried us through.

I have stressed that the substitute bill would make it United States policy to multiply many times over occurrences like the unfortunate Swiss watch case.

I have not tried to show that this 11th extension of the Trade Agreements Act will solve all the world's economic problems, but I believe I have shown that the substitute bill would worsen these problems, would cause further doubts about our economic leadership—and must be rejected.

It was especially significant to note, in this connection, the well-reasoned editorial that appeared in the May 31 issue of *Business Week*. In a strong indictment of protectionist demands, the editorial stated that "at this point there are no more concessions the administration can make." The article included another noteworthy observation:

The trade bill is crucial as a defensive measure in a year when some shortsighted groups would like to have the United States follow beggar-thy-neighbor policies—neighbors who will either turn against us with higher tariff walls of their own, or turn to the Soviet Union as a means of saving their economies.

These words ideally present the issue and it is imperative that we measure up to the challenge we face today.

Indeed, my colleagues, the answer to Moscow is not a weak-kneed 2-year extension with vague and minimal authority. Rather, it is the Mills bill—5 years, 25 percent—and a chance for victory in the vital arena of international economic competition.

(Mr. LANKFORD asked and was given permission to revise and extend his remarks.)

Mr. MILLS. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. DENT].

Mr. DENT. Mr. Chairman, the baker and the widow, apropos to the argument of reciprocal trades, based upon idealistic rather than economic thinking, is the story of the baker and the widow. A widow was left with a large family in a rather small and limited community. The whole town wanted to help and the only real means of help in sight was the bakery shop. The baker was prevailed upon to let the widow use his ovens and facilities to produce a homemade loaf of bread which she sold through the energies of her orphaned children for a few pennies less than the baker could sell his bread.

The widow could do this because the baker was shamed into the charitable position of giving her the flour at cost, while he absorbed handling charges; he also gave her full use of the equipment while he paid the overhead. Being a beneficent soul he also furnished the know-how and the technical advice. I do not have to tell you the ending. The plan worked fine—that is, for the widow. The widow became rather prosperous and generously gave the baker a job.

On a grander scale we, as Americans, are building bakeries all over the world, for our competitors to operate. We first loan money to buy equipment, then subsidize the raw materials, ship our engineers, scientists, chemists, and other technical help out to the job to make sure it is done correctly, then, we buy back the finished material cheaper than we can produce them, because we are paying in part for the competitors' production costs.

It is not wrong and it is not cruel to say that if we build up competitive business with our money and give concessions that make competition onesided against us, we will eventually destroy the competition by destroying ourselves as a producing nation.

We are not now, nor can I see where or when we will ever be a nation that can sustain itself as a market for foreign produced goods by providing the means and materials to that same foreign country.

It is not my understanding of history that Columbus sailed out on a strange, and uncharted sea looking for a place to buy products already at hand. I understand he was looking for a shortcut to the Indies in order that spices, salts and other strange and unobtainable products could be brought back to his country, while opening up a market for the goods his people were producing.

We are trying to do both. We want to buy the salts and spices, but we also want to buy additional products of which we have an oversupply at home. And, of course, if we really want the spices and salts we have to agree to let our friendly Indians supply us in their own ships, and in some cases they are using ships we let them have because they were surplus, and we are raising their standards by giving them our extras.

I am for raising all standards of living, but not at the expense of our own level of living.

When I was a boy the poor housewives in our neighborhood would do their housework, and, together with their children, every spare moment was used to sew covers on tennis balls, the famous Pennsylvania tennis ball used by champions in championship matches. This ball was made with the strain and sweat of undernourished children and weary mothers. We stopped this kind of human drudgery and degradation. We outlawed this practice during the past generation, and I am proud of my part in helping to destroy the child-labor sweatshops and fly-by-night operations in my State and country.

And now after laying down rules of behavior and conduct that added stature to our industry and dignity to our labor, we are forcing both labor and industry to compete with the very conditions of labor and production forbidden by law in this country. There can be no compromise with justice and all the American workman wants is justice for himself and in the main for his employer. The employer has an out, if he is powerful enough. He can put up a factory in some foreign country and ship his products back home. In fact some employers see an opportunity to do this very thing with profit, and in some cases it provides an opportunity to make the union work without a contract and perhaps soon, without a union.

I did not become a Member of Congress to sit in on the liquidation of either industry or labor in America. Have we become so befuddled and confused by slogans and propaganda that we have lost the ability to think clearly upon a single fundamental issue? Have we become so derelict in our duties to our constituents, the American people, that we can actually help promote destructive, competitive conditions inimical to both the economy and the body politic of America?

This past week we read of a great offer of the Soviet Russian Union, wanting to buy millions of dollars' worth of American goods. They want raw materials, machinery, to produce commodities and goods from this machinery; technical men and supervisors to train and educate their own people to operate the machines; and then, last but not least, they want us to lend them the money on a long-term basis, in order to finance this program, which will enable them to lay their world-competitive foundation with our money.

No doubt the debt will be paid off with American dollars while our State Department makes certain that a favorable tariff is set up under our reciprocal

trade agreement. This will provide that we can buy the commodities and goods produced with our raw materials, our machinery, our know-how, and our money.

Is there anybody in the House who wants to buy the Brooklyn Bridge; we have a seller in the hall with a blank check.

If any one person was to take the time to really analyze the all-over trades and agreements he would come up with a best seller entitled "We Will All Have Chicken and Dumplings; Wait and See."

I have not gone into the pertinent facts of certain situations for you, but 1 or 2 points are outstanding and should be covered. First, I sincerely believe our troubles really started with the organization of GATT. This organization, with 34 original members, established trade relations for all of the countries, including our own. We pay 20 percent of the cost of operation and have only 1 vote. Time will not permit a full and complete dissertation of this little international gimmick, which plays international policeman with its eyes closed and its mouth wide open.

Second, I believe we should have the trade-agreements legislation go back to committee for amendments that are not allowed under the closed rule adopted by this Congress. If we can get a reasonable set of amendments, looking forward to creating ground rules that help our friendly neighbors and yet do not cause irreparable damage to ourselves, we can vote for this bill unanimously. I believe we will have to have at least six basic amendments; namely:

First. Change the 5-year clause to date January 30, 1960, giving time for a real and comprehensive study of causes and effects.

Second. Remove any right to an automatic reduction of tariff duties with congressional approval.

Third. No commitments to be made beyond a period of 12 months or January 30, 1960, whichever period is shortest.

Fourth. That the basic import duty on any product produced in the United States shall be not less than the total taxes paid by an American producer on the same goods.

Fifth. Put the same tax rate and risk chances upon American capital invested in foreign enterprise, if such enterprise is competitive, as like investments are assessed in the United States.

Sixth. Last but not least, name a joint committee of the House and Senate to carry on a comprehensive study into all phases of international trade, aid, and reciprocal agreements.

Further, to establish ground rules pertaining to the manufacture of American market goods in foreign countries by American producers who curtail their American operations as they expand in foreign countries and yet import goods to supply their American customers.

I believe this to be a minimum program and one that will not hurt international relations, because most countries know that a bargain is useless unless both sides profit.

At this time, Mr. President, I ask unanimous consent to revise and extend my remarks at this point in the Record.

The fur is flying in the long-awaited debate on foreign trade. The pros and cons are equally sure they are right as they swing haymakers at each other.

The truth of the matter is that the whole program of reciprocal trade has become a matter of slogans, societies, promoters, dinners, luncheons and propaganda.

When one takes time to study the situation it boils down to this. "The original concept of reciprocal trade has been completely forgotten and in its growth has developed a serious and disturbing misunderstanding of the value of our participation in the so-called free trade movement."

Today we have a well-financed program to sell free trade, based upon the illusion that this is the broad highway to peace.

The facts are simple if one wants to read the records of Congress and the balance sheets of the Department of Commerce. Part of the answer is contained in our daily press, with reports such as the following—excerpts from the New York Times, Sunday, May 25, 1958 and other papers and magazines:

Macao sends in to us for July 4: Fireworks are chief export of isle of China—10,000 work in industry—when Americans punctuate Independence Day with the noise and flare of fireworks on July 4, it will be safe to assume that much of the fire crackers and rockets came from this tiny island colony of Macao.

New paths open to Red economy: Integration of Communist Asia into bloc presents complications as well—if the integration effort is successful, there will be in effect a vast Communist market from the middle of Europe to the Pacific ocean. Experience has shown, that Communist countries whose optimal economic role, from a bloc point of view, would be to produce mainly raw materials and food do not wish to do so. Industrialization is such a fetish in Communist thinking that any suggestion that a country should concentrate on producing materials for other more industrialized countries raises resistance on the ground that this means the country in question would be kept in colonial servitude.

America to build new shipyard in China—To use Japanese steel exclusively—Live cattle shipments start to come into the United States from New Zealand—Ford to produce new cars in Germany for American market—Aid to Guatemala is revised by United States—Stress shifted from roads to projects that affect the people directly: Most of this money has gone to the rural development programs, which received \$5,300,000 in the present fiscal year. The main purpose of this program is to resettle 25,000 peasant families in 5 years, starting in 1955. They are to receive adequate land, credit, technical assistance, highways, schools, water and health services, among other things.

Housing is next in importance, a total of \$3,800,000. Then following, health programs with \$2,130,000; education, \$1,400,000; public administration, \$563,000, and public works, \$350,000."

These illustrations are indicative of the importance of the subject of world trade, world aid and its relationship with American economy. Any person would be an utter fool who would blindly close his eyes to the realities of the situation. World trade is of the utmost importance to every citizen of every country and certainly of this country. I believe every member of this Congress wants to see a

healthy trade condition; one that is based on the sound economics that surround both export and import trade.

For many years I have been a firm believer of the necessity for reciprocal trade agreements. Having been elected to Congress a little over 4 months ago I can hardly be classified as an expert. Therefore, the observations I make today are from whatever knowledge I have been able to glean from the numerous reports, newspapers resolutions, and speeches that I have been privileged to hear and read since becoming a Member of Congress. I am convinced that a 5-year extension is a very serious mistake, although there are many arguments to the contrary. I doubt if there is any logic that can sustain an extension beyond the time limitation of an absolute guaranty of performance from this or any other nation of the face of the earth. A 5-year extension means that this country will be subject to pressures in every foreign election. We will find ourselves unable to protect our interest in any nation unless we participate financially and otherwise in their internal affairs, to guarantee that friendly rulers remain in power.

This action was never conceived to be the basis of need for the passage of reciprocal trades. In my opinion, trade agreements were based on very logical and hard-headed American thinking. The trade agreements had to be good business, and financially profitable. Certainly during Cordell Hull's early days in this field he believed, as I do, that good trade relationships would be good diplomacy and could result in peace everlasting.

However, in his modern world of automation, nuclear sciences, breaking the sound barrier in aeronautics, and the general upgrading in education and skills of the masses of people all over the world, we can no longer talk about trade items without giving consideration to the economics surrounding the subject. In the United States today we face a problem of overproduction of goods and materials while at the same time we open our borders to materials and goods from other countries without a compensating factor to eliminate the dangers inherent in any given situation where one can buy equal goods at a cheaper price. I want to see, if I can, the passage of a reciprocal-trade program; however, it must have within it some protection for the American investor and the American worker at least equal to the protection given to the American investor who invests his money in competitive industry abroad.

I have not the time nor the complete facts to show this body that a great number of arguments for the 5-year extension of reciprocal-trade agreements are based upon unsound principles and distorted facts. For instance, a group in a recent issue of a protrade magazine shows that United States exports a total of \$18,800 million to the world, broken down as follows: \$6.7 billion—machinery, vehicles; \$3.3 billion—tires, tobacco, fats and oils; \$2.6 billion—other products. This article purports to show what a great aid to American industry our export business is. Now let us see another argument contained in a magazine entitled

"Economic Review." It has a graph showing the United States employment attributable to foreign trade in 1956 as follows: Nonagricultural workers, 2,516,000; agricultural workers, 602,000; transportation and distribution, 524,000; processing imported materials, 858,000 for a total of 4,500,000. I think that these two illustrations are the most misleading pieces of evidence yet offered in support of this bill. For instance, to say that foreign trade provides more jobs than steel, automobile, and machine industry combined is certainly without foundation. They are talking about employees directly connected with these industries; whereas, when they compute the jobs supplied by foreign trade, they count every conceivable man-hour directly or indirectly connected with foreign trade. They count in this job lot the employees who process raw materials that country imports which will go on regardless of whether or not we pass this bill. Basically, the materials this country can supply and which other countries need will always be available.

Although it would appear that as an individual I am opposed to reciprocal trade as such. I want to make it clear that I do not oppose the reciprocal trades program except in the instances where a continuation of the present policy might add greater injury to certain very important industries in my district and the districts of my colleagues. As evidence of these injuries, I have letters and resolutions from industry unions, municipal governments, and thousands of individuals. I might say, in passing that I find very few who are unalterably opposed to the program. Most of the opponents to the present bill are in favor of reciprocal trade but they ask that this Congress put guaranties into the bill that will act as a compensating factor to establish a reasonably competitive market.

I think David J. McDonald of the steel workers put it very well when he said "I am aware of the fact that from time to time you have heard certain trade unionists speak against this program." Let me hasten to add, however, that I do not question the sincerity of any trade unionist who opposes the reciprocal trade program. In most cases import competition in their own industries is a problem. Moreover, while I oppose the only solution our opponents offer—cutting off trade—I believe Americans must face up realistically to the problems posed by import competition. Our answer must be the enactment of an effective trade adjustment program. Four years ago, I had the good fortune to serve as a public member of the President's committee on foreign economic policy, better known as the Randall Commission. As a member of that Commission, I urged my fellow-members to recommend a trade adjustment program to the President. Some of them thought I had a pretty good idea, but they were unwilling to give the trade adjustment proposal an outright endorsement. After noting the reception that this idea received during the course of public discussion I became even more convinced that continuance of a liberal trade policy might well depend on adoption of the trade adjustment program. It was therefore most gratifying to me

when a group of prominent Senators and Congressmen decided to reduce this idea to a positive legislative proposal.

These bills in the present Congress are S. 2907 and H. R. 9505 and H. R. 1105.

Two basic arguments run through the entire portfolio of propaganda from so-called foreign traders.

First, and the least talked about, but the primary consideration of many proponents of the extension of the unrestricted reciprocal trades is best explained by Andrew N. Overby, vice president of the First Boston Corp. Let me quote from Mr. Overby's speech here in Washington on March 27, 1958. "As an investment banker I am firmly convinced that a program of expanding and flourishing world trade and investment is the best program, particularly the relation of foreign investment to foreign trade." In 1914, United States foreign investment totaled about \$3.5 billion. By 1929 this had increased to over \$15 billion. At present it is about \$54 billion, of which over \$36 billion represents private investment. In the years 1956 and 1957, United States net private investment abroad reached the unprecedented record of \$3 billion in each year. But these statistics do not tell the story if we include the capital expenditures financed out of depreciation and development reserves of our foreign companies, the gross investment by Americans abroad during the years 1956 and 1957 was probably at a rate of over \$5 billion in each year. United States private foreign investments bring many other advantages to our friends abroad. A revealing study has been made by the United States Department of Commerce of the operations of United States companies representing 90 per cent of our business investments of over \$7 billion in Latin America. This study has shown, among other things, that (1) these companies produced about \$5 billion of goods and services in Latin America in 1955—about \$3 billion of goods and services for use in Latin America, and about \$2 billion of dollar exports from Latin America; (2) these companies produced direct foreign exchange income to Latin America of over \$2 billion—\$1 billion more than the total exchange required by these companies for their operations and remittances; (3) these companies paid in 1955 in Latin America over \$4 billion for wages, salaries, taxes, and local goods and services—over \$1 billion for taxes alone; (4) these companies employed over 600,000 persons—of which only about 9,000 were sent from the United States.

The second and the basic argument is used to convince the American worker and the American businessman that an extended trades agreement means more jobs for the worker and more business for the main street and the entire American economy.

Many speakers use this argument, but let's have just a few examples of this logic.

One of my favorite Senators said this recently. Senator HUBERT HUMPHREY:

The high-tariff lobby is at work. Oh, they are in different clothes these days. They come around now pleading the case for the worker, particularly when they talk

to Senators like HUMPHREY. They plead the case for business when they talk to somebody else, or plead the case for the farmer when they talk to somebody else, but the theme is that low-cost foreign labor threatens the jobs of American workers.

Well, first of all, I am one who believes that American workers have great technical competence. Secondly, I think that our industrial capacity and the capital goods that we have in our industrial plant are second to none. I am a born competer. I like competition. I do not want this kind of comfortable sinecure of having no one disrupt our happy little easy life that some people would like to have. Every time we invoke the escape clause, whether it is on clothespins or whatever else it may be, I do not know which on it was on most recently, or the peril point, it hurts somebody. Some of our best friends, the Norwegians, the Swedes, the Swiss, have been among the nations affected. Besides that, reciprocal trade has been a mighty good business proposition for the United States. All the letters that I get tell me about the number of jobs that people are going to lose and the tremendous threat to American industry. When I write back I say, "Listen, do you know last year we had a favorable balance of trade of \$7 billion." I can only say to Senator HUMPHREY that we like competition too, but not on a basis where it means the unemployment of thousands of glass workers, rubber workers, yes, even clothespin makers.

I believe that rubber workers, united mine workers, glass and ceramic workers would all be satisfied to see the reenactment of the reciprocal-trade agreements if we would consider legislative action in line with the thinking of men like David McDonald and Tom Kennedy and Charles Scheff and hundreds of others who are unselfish enough to want to see the whole world prosper and yet are American enough to consider every man's wage and every man's job a matter of prime importance. I, for one, cannot believe that the \$18 billion of export business produces 4½ million jobs. The American Tariff League, in its summary for February, had the following to say:

We recall that the Randall Commission set the figure at 4.3 million in terms of 1952 foreign trade. The current 4.5 figure is presumably linked to 1956 foreign-trade volume. But we know that in that period the total volume of our foreign trade increased from \$26 billion to \$32 billion. Thus a 23-percent rise in foreign trade apparently produced less than a 5-percent rise in jobs.

This bears out what I have been saying all along—that the export trade in this country has shifted from finished goods to raw materials. This means that in many instances the very exports from this country of raw materials and machinery have been the means of depriving this country of foreign export markets for finished goods all over the world. We cannot hope to compete, with our present tax structure, with any other nation, although the American workmen in most instances produce more goods per man-hour than any other worker in the world. Let me give you just an illustration of what this

shift has accomplished in American economy. In 1951 the United States produced 11,415 million square yards of woven cotton cloth. We exported 802 million square yards and we imported 46 million. In 1956—the last year of available figures—we produced 17,529 million, exported 512 million, and imported 188 million—150 million of which came from Japan. In 1957 the Japanese Government voluntarily established an export quota. They did this for their own protection because Japanese exports of cotton textiles to the United States on certain products were virtually wiping out United States textiles in this field. It may interest this Congress to know that in many instances the wage difference between Japan and the United States is offset by the low man productivity in Japanese mills which was found to be only two-fifths of that in United States mills.

One of the major factors that made competition impracticable is the question of comparative taxes. I might say that Dr. Seymore Harris, of Harvard University, made the following statement which I believe to be appropriate:

The most effective help that could be given to Japan would be continued growth in this country, and with this growth a corresponding rise of imports which do not, therefore, have unfortunate effects on our own industries. A rise of imports, however, that results from excessively liberal trade policies is another matter. In the past the largest rise of imports has come with the increased income.

This admits, as we all do, that you cannot give unfair competitive advantage and still stay in business.

The export bubble that seems to appeal to great numbers of free traders will some day break and we will really be left holding the bag.

For instance, let us take the case of Japan and its so-called trade balance with the United States.

First, I have given some argument that shows the serious flaw in comparing dollars. One needs only to be reminded that we can ship many dollars' worth of finished products to Japan and import less dollars' worth of the same article and yet we will receive many more articles for less money. This means a loss in many man-hours and payroll dollars to Americans who are deprived of the opportunity to produce for their own use because the import product replaces American production.

This is not protectionism; it is commonsense.

Second, the Japanese buy most raw materials, machinery, and electrical equipment for production. The following schedule shows the trend, volume, and categories.

I have before me a booklet put out by the United States-Japan Trades Council showing that the United States exports to Japan \$1,220,000,000, while we import from Japan \$625 million, resulting in a trade balance of \$595 million in our favor. However, the following breakdown shows that most of the items exported to Japan are in the form of industrial raw materials. Food, fibers, other agricultural products, \$457 million;

industrial raw materials, \$376 million; coal, oil, \$121 million; machinery and vehicles \$162 million; chemicals, \$85 million; other, \$18 million. I submit an analysis of the growth of the United States export trade to Japan over the past 2 years. From 1955 to 1957 exports of farm commodities increased 17 percent to \$457 million; exports of industrial raw materials, 422 percent to \$376 million; exports of coal and oil, 128 percent to \$121 million; exports of machinery and vehicles, 128 percent to \$162 million; and exports of chemicals, 85 percent to \$85 million. The vast majority of the items imported from Japan are direct-sales items destined for the consumer—the American housewife. It is instances like this that fail to take into consideration the effect of set imports on American economy as they relate to payrolls and man-hours and industrial income. I can assure you that the man-hours displaced by the imports from Japan are many times the man-hours required to produce the materials we sell Japan.

You can easily see that the main items of Japanese import are raw materials and machinery. Agricultural products are losing ground because of production increases in Japan and the ability of other nations to produce a surplus for export to countries still not able to produce their needs.

Herein lies the explosive issue that will burst the free-trade bubble.

As Japan perfects its production facilities we will find ourselves squeezed by demands of our longtime allies, the United Kingdom, to reduce our exports of raw materials because of the threat to Great Britain and other United Kingdom commonwealth countries.

Let me quote some interesting observations from the Financial Post originating in Toronto, Canada:

The future of Canada's main overseas markets is at stake. It could mean greater demand for metals, wood products, etc.—or we could find ourselves squeezed out as Europe develops new sources of supply. The reason: There are major changes shaping up in pattern and rules of world trade. GATT, now dominated—and flouted—by the United States, may be on the way out. Preferential areas—like the European common market—are gaining ground. There's going to be a new scramble for alignments.

After illuminating visits in Bonn and Paris besides London, it becomes startlingly clear that neither Western Europe nor the United Kingdom seriously intends to be governed by the existing United States-dominated GATT regime.

The picture of the free world's trading arrangements in my mind, after talks with top people in these capitals, is one of a new scramble for alignments. These people mean to become more fully masters of their own destiny. They hope the United States will help; but the current climate in Washington does not encourage them. And if Washington still has nothing better to offer than GATT rules, from which it itself escapes, then they will do the best they can without Washington or GATT.

Behind the new European attitude lies a vision of unity which is more political than economic. This is most obvious in Germany.

West Germany is the only country with any deep attachment to GATT, because GATT rules favor the deserving who become rich. They also give Bonn an argument it might use against French protectionism.

United Kingdom thoughts about trade are concentrating on raw materials rather than finished goods. If that seems surprising at first, it is really entirely logical.

The sale of raw commodities has always been the sterling area's principal source of dollars. The collapse of commodity prices, or reduction in markets for them, is a crippling blow to the economies of most of the undeveloped commonwealth countries; and you may include Australia (with its vulnerability on wool), New Zealand (dairy products and meat), and even Canada, which is as dependent now as it ever was on export of raw materials, even though the materials have changed in importance.

Where it used to be wheat almost exclusively, now it's metals and wood products and iron ore as well. Consequently, there is a suggestion that, on some of these broad problems where there is interest—notably, say, provision of capital and maintenance of raw-material prices, the commonwealth countries might attempt a united approach to Washington through a single spokesman. The idea is that one of the commonwealth countries most deeply concerned with a particular problem should become the spokesman for all: Canada, for example, would speak for the whole commonwealth about wheat, Australia about wool, perhaps Rhodesia about copper.

Even the grade-school student can see the ultimate end to this kind of pressure. We will be forced to give up our trade in raw materials and the American market will then be a buyer's market only, and whatever good we now derive from exporting, especially to Japan will end up in the loss column.

No longer do we live in the days of 100 years, 50 years, or even 10 years ago. The new era in the production of goods and services has made the whole world competitive. No longer do we have the edge in the world market because of our know-how, our mechanical genius, and our skilled labor. The color of a man's hands has nothing to do with his ability to push a button or push a switch.

Today the hands of all the people of the earth are equally proficient and efficient. The American investors are learning this and are providing the capital for foreign business ventures. They have a good reason to do this: 90 percent insurance against the loss of their investment, whereas they have no insurance against bankruptcy in the United States regardless of what laws are passed by local, State, or Federal Government.

Yesterday we heard about Alaska being too far away to become a sister State. Today we are talking about a shrinking world and how essential it is for us to give our neighbors, neighbors mind you, across all the world's oceans, every consideration because it is such a small world.

I will not say you cannot buy peace but I will say you cannot buy friendship.

If today we give a concession to Belgium or Japan or any nation on a trade item, what proof have we that this will keep them friendly? We have no guaranty that we can keep our friendships intact for more than a few days or months or until they want another concession.

So long as we use reciprocal trade agreements for diplomatic negotiations we will be subjected to international blackmail.

I am not now nor ever expect to be against reciprocal trade agreements which are sound and based upon economics and not the sentimental slogans passed out by well-meaning but illogical persons and organizations.

Let us look at our country and the present war between the States for industrial expansion, new business, and the millions spent by the various States to entice industry into moving into their States.

They offer free taxes, protection against competition by favorable labor laws and the stipulation of certain restrictions in contracts for State public works, and so forth (prevailing wage clauses in most State contracts). We pay tax on trade in one State and then pay an import tariff if you bring it home to use it in your own State—furniture, clothes, automobiles, and so forth. If I buy an automobile in one State with a special tax on the purchase or transaction and then I want to take it home to Pennsylvania I have to pay an additional tax before I can use it.

In Pennsylvania last year, we relieved our Pennsylvania industries of \$135 million of capital State tax because the pressure was put on the legislature to give Pennsylvania industry a competitive equality with our neighboring States.

How, then, can we justify talk of free trade with the world with some consideration of basic taxes, operating costs that are fixed, and markets that have become unfairly competitive because of our trade policies?

We can have free trade but only if we are willing to accept the full responsibility for the displaced worker.

We will have to have a brand new Social Security Act with an expanded unemployment insurance program. We will have to lower the age limit and increase the pension payments. We will be compelled to recognize the rights and requirements of the workers with families that find a whole industry wiped out by either direct imports or by a byproduct of foreign competition, the increased use of automation.

There can be no compromise with this thinking because the only alternative is public assistance.

No self-respecting American workman wants either charity or pity. If we can build competitive walls between the States how then can we tear down the competitive walls between nations.

In my own community the glass and ceramic workers are being put out of work by the hundreds and many of them are over 40 and just can't find new jobs. In fact many industries will not hire a man over 40 and certainly not over 50 years of age.

One industry in my area may lose its very existence, it has already lost its importance. I am speaking about the American windowglass industry; and all of this because in 1948 we imported 15,000 boxes of glass; in 1957, 4,805,000 boxes. This amount of glass will glaze 1 million 6-room houses.

These problems all tie into the economy of our country and in my opinion they tie into the matter of world trade.

The real problem is one that really goes deeper than mere terms, language

or provisions of the act itself. It digs deep into the whole problem of social security, wages, living standards, automation, expendable versus necessary industries, foreign political and defense measures, diplomacy and all of the ramifications of the depression, recession, NATO, GATT, Russian cold war and Mideast oil.

Somewhere along the line we are losing our entire concept of the dignity and rights of mere man, the individual formally known as the world's most fortunate person, the American citizen.

When a job in Jeannette or Arnold, in Whitney or Latrobe, can be called expendable because someone, somewhere in this wide, wide, world has to have a concession on glass, oil or ceramics, bicycles, clothes, pins, typewriters and whatever else we produce, in order to have American dollars to buy more machines from America to make more glass, and so forth, to ship into the United States of America to be sold to and used by the American people, then it is time to stop and take a second look.

The largest business group in America recently laid down the basis of sound American economy and its relationship to foreign trade. It stated, in substance:

The only sound economy in America is productive wealth, and, we must produce as much as we need, and then produce a surplus. This surplus to be traded for goods we do not produce to countries that need the goods we do produce.

It sounds very simple, but you should hear the arguments of the people who say it is all right for the American Window Glass Co. to shut down its plants, and the coal mines to close, so long as our American investments in foreign countries earn money and we keep Russia from stealing markets which we are required to subsidize in order to retain them. We have heard it remarked that each time Russia feints we swing wild.

No one person can have the answer, but it goes without saying that reciprocal trades, properly planned and negotiated, are beneficial for all the people, however, there is a line that cannot be crossed. That line is where imports from subsidized countries and subsidized foreign industries take away thousands of American payroll dollars and industry profit.

Many Congressmen are convinced that a 5 year extension with the right given to the State Department—through the President—to reduce any or all tariffs 25 percent is unsound in the face of our present crisis and future prosperity. Many can and will support a program with adequate safeguards.

(Mr. DENT asked and was given permission to revise and extend his remarks.)

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. FLYNT].

(Mr. FLYNT asked and was given permission to revise and extend his remarks.)

Mr. FLYNT. Mr. Chairman, before proceeding to my remarks on this legislation I wish to express my appreciation to the distinguished chairman of the Committee on Ways and Means for his generosity and for his complete fairness

in yielding time to those of us who disagree with the language of the bill in the form in which it was reported out of the Committee on Ways and Means.

I only wish, Mr. Chairman, that the Committee for a National Trade Policy, which I believe is headed by Mr. Charles P. Taft, had been as fair to those of us who in all sincerity oppose the legislation in the form it is reported out and oppose the position taken by the Committee on the National Trade Policy.

Mr. Chairman, I take this time to voice my opposition to the language of H. R. 12591 and to give my views on and my reasons for supporting H. R. 12676, which, under the rule, will be offered as a substitute for the committee bill.

It is with reluctance that I oppose the committee bill, because I believe so strongly in the necessity for strong United States participation in foreign and international trade and commerce. I remember distinctly the advent and passage of the first Trade Agreements Act in 1934 to the principles of which, first as a private citizen and, during the past 4 years, as a Member of Congress, I subscribed. Not only have I voiced my support of it, but I have diligently sought to make it conform to the original concept of reciprocal trade. However I must oppose legislation which could mean the destruction of industry in my district and cause men and women there to lose their jobs.

Through the years I have believed that this act should be administered to encourage and promote and develop international trade, but I have never believed that it should be appraised or reviewed in the light of an adjunct to foreign policy instead of a necessary part of trade between nations.

In order that my position on this question is not misunderstood, let me begin by saying that I favor the principle of reciprocal trade even though I do not favor the language of the committee bill. It is a historical fact that the original concept of trade contained in the Reciprocal Trade Agreements Act of 1934, which was enacted to stimulate this Nation's badly depressed economy, was put forward by the great Cordell Hull, a Secretary of State from my own section of the country. The philosophy of trade advanced by this act was supported by the people of my section of the Nation, and its strongest advocates. For a time this area long with the whole Nation benefited from the Reciprocal Trade Agreements Act.

However, I believe that if Cordell Hull were alive today, he would look very cautiously at this pending legislation. No one can dispute that in recent years the executive branch of the United States Government has abused the powers delegated to it by Congress in the Reciprocal Trade Agreements Act.

Mr. WHITENER. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I am glad to yield to the distinguished gentleman from North Carolina.

Mr. WHITENER. I commend the gentleman from Georgia for his excellent presentation. I apologize for interrupting him. Knowing that he, too,

comes from a great textile producing area and in view of the fact that he has mentioned some literature or some comment by the Committee for National Trade Policy, which I understand is headed by one Charles P. Taft, I wonder if the gentleman in reading the mimeographed literature which was mailed out to each of us, observed that in one of the arguments on the bill, this so-called Committee for National Trade Policy points out a very fine argument against the bill. They say that in 1951 there was a total production of 11,415,000,000 square yards of broad woven cotton cloth in this country and that in 1956 there were only 11,529,000,000 square yards. The same organization estimates that in 1957 the total production of these textiles dropped to 1,700,000,000 square yards. That in 1951 we exported 802 million square yards, but in 1956 our exports had declined to 512 million square yards. Our imports in 1951 were only 46 million square yards of broad woven cotton cloth, whereas in 1956 our imports were 188 million square yards, 150 million of those yards coming from Japan alone. Then, too, in the same remarkable document we find the following: "Should import competition be added to a catalog of all the things that trouble the textile industry? The answer is yes—but it is not a problem for the industry as a whole, only for a few small segments of it." I wonder if the gentleman will comment on that?

Mr. FLYNT. I thank the gentleman from North Carolina. I would like to say in reply to the question the gentleman has just asked that this indicates clearly in the textile industry, which forms such an important part of the economy of his district and mine, that the gap between exports and imports is constantly being narrowed. I think those figures which the gentleman from North Carolina just quoted indicate that the total domestic production has, indeed, fallen during this 6-year period. I thank the gentleman again for his contribution at this point.

Mr. BEAMER. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I gladly yield to the gentleman from Indiana.

Mr. BEAMER. I want to compliment the gentleman on his statement, because it illustrates in the textile industry what happens in thousands of other industries. It does not affect the industry in the district I have the honor to represent, but it affects thousands of other industries all over the country. I compliment the gentleman on bringing it to the attention of the House.

Mr. FLYNT. I thank the gentleman.

The executive branch has used these powers, which were delegated to it in order that it might more effectively assist in elevating the economic level of this country, to advance its own international relations program—regardless of the foreign policy approved by Congress and further regardless of the perilous effect of that policy on major segments of the American economy.

This abuse by the administration of powers delegated to it by Congress has resulted in detriment not only to the industry of my State—but to the entire

Nation. I shall refer to the textile industry more frequently than others in giving my views today, because it is that industry that is responsible for feeding, clothing, and housing a large portion of the people of the Fourth District of Georgia.

The recession about which we are all justifiably concerned today is not new to the textile industry, either in the South or New England. We have lived with it for some 4 years.

It is the Executive's abusive use of the powers delegated to it in the Trade Agreements Act, as amended, that has been largely responsible for the depressed condition in America's textile industry.

In the first session of the 84th Congress, I opposed the bill then designated as H. R. 1, because then I had more confidence in the United States Congress than I had in any one man, whether that man was President of the United States or whether he occupied any other position of trust. I still have more confidence in the Congress than I do in any one individual.

I have more confidence in the United States Congress than I do in the Department of State or the Tariff Commission.

I have confidence in the membership of the House of Representatives, because this membership represents a thorough and a complete cross-section of the people of the United States more than any other group anywhere in this Nation. It was for that reason that in 1955 I wanted the Congress of the United States to again assume some of the responsibilities and powers delegated to the legislative branch of our Government in the Constitution and to recover some of those powers which had previously been abdicated by the Congress. I think if we are to preserve the position of strength, power, and influence that the United States presently has in the world that we, as Members of the Congress of the United States, must be willing to assume many of the responsibilities delegated to us by the basic instrument of Government of our Nation, the Constitution of the United States.

It is primarily for that reason that I today find myself once again in strong opposition to the stated position of the Eisenhower administration.

Congress may delegate its powers—but it can neither delegate nor shirk its responsibilities.

Mr. Chairman, let it not be said that I, as a Representative from the State of Georgia and as a citizen of the United States, oppose international trade and commerce, for I do not. Do not let it be said that I oppose the principles of reciprocal trade—I do not. On the contrary, I think international trade and commerce is second to none among the various segments of our economy in maintaining our strength economically and our position of leadership in the entire world. Yet, I feel in this matter of international trade and commerce if we are to have a so-called Reciprocal Trade Agreements Act, it should be truly reciprocal and that we, with our allies and friends throughout the world, must

realize that reciprocal trade is a two-way street.

If ever any nation has shown utmost good faith in this question of reciprocal trade, the United States of America has shown such utmost good faith. We have not resorted to arbitrary and artificial trade barriers, currency restrictions, import quotas, and other artificial types of barriers to trade designed to circumvent the true intention of the Reciprocal Trade Agreements Act. As I said a few minutes ago, one of the principal reasons why I oppose this proposed extension of the Reciprocal Trade Agreements Act is because I do not believe that it is being administered in accordance with the intent of the Congress.

I wish to lend my full support to the proposal to bring back to Congress its power to regulate foreign commerce. This should be regarded as desirable no matter what one's view might be on the question of protection or liberal trade policy.

I am a firm believer in the proposition that the Congress should carry out its constitutional responsibility of determining policy in the areas set aside for it by our fundamental law. I do not believe in granting to the executive branch such powers as will enable it to crowd the Congress itself out of the field in which it has full constitutional power and responsibility to act according to its wisdom and its judgment.

My observation of the administration of the Trade Agreements Act during the time that I have been a Member of Congress leads me to conclude that it has been a mistake to extend the broad grants of powers to the executive branch which have been contained in the extensions of the Trade Agreements Act; or perhaps I should say that it was a mistake to delegate powers to the executive branch in words that could be interpreted by that branch as they have been and that could be used as they have been by the executive branch, and more particularly by the State Department to replace the Congress itself, in all but name, in the regulation of our foreign commerce.

We have reached the point where the Congress is so hedged in by unwarranted international trade commitments made by the State Department that no matter which way we turn we collide with one or more of these commitments.

No better example could be found than the experience of the textile industry. Here was a clear case where the exercise of its power to regulate foreign commerce confronted the Congress, either through direct legislation or through the normal procedures of agencies created by Congress for the specific purpose or through the application of administrative law.

All these avenues to a remedy were found to be blocked in one way or another. The State Department has been there and had thrown roadblocks across these avenues in the form of international commitments.

Import quotas could not be imposed without violating article XI of the General Agreement on Tariffs and Trade, better known as GATT. In that article, which is entitled "General Elimination

of Quantitative Restrictions," the State Department took it into its own hands to agree on the part of the United States neither to establish nor maintain import quotas. A few exceptions were made, most of them to accommodate other countries or to gain their adherence to GATT.

The exceptions, however, are not the point. They, in any case, were to be purely transitory. What is in point and of the utmost seriousness is the fact that the State Department could believe itself to be authorized by the Trade Agreements Act to make such far-reaching commitments in any international agreement.

The State Department in 1947, in negotiating and signing the General Agreement on Tariffs and Trade, presumed to speak, not only for the then sitting Congress, but for all future Congresses, and pledged them not to use import quotas under their constitutional authority to regulate the foreign commerce of this country. A more presumptuous self-arrogation of power by the executive branch cannot possibly be imagined; but let us face this one and answer it.

As matters stand the remedial legislation provided by Congress for the correction of errors made in the reduction of duties by representatives of the State Department is all but paralyzed. The will of Congress has been made clear. Escape clause legislation was passed in 1951. Several amendments were adopted in subsequent legislation to make clear the congressional intent. In 1955, the last time that trade agreements legislation was before us, additional agreements were adopted, again to establish the intent of Congress.

What is the cause of this intolerable situation? Our committees have held extensive and painstaking hearings each time the Trade Agreements Act was up for extension. The bills have been debated on the floor of the House and in the other body. We conscientiously performed the legislative function. The President signed the bills into law.

But we have seen our action come to naught. Had we not spoken at all, the void, so far as effect is concerned could have been no deeper than it has been.

There can no longer be any question about this. The State Department pays more heed to GATT, which is really its own creation, than it does to the Congress. It is eager to conform to GATT blandishments and ruling but bends itself unwillingly and grudgingly to the will of Congress, and then only when its powers of evasion are baffled.

When the textile industry was beset by ruinous import competition and no relief was in sight, the possibility of the escape clause and of section 22 of the Agricultural Adjustment Act as remedial measures were considered—considered, if you please, by no less than direct legislation. Section 22 action was blocked by the Secretary of Agriculture. Escape clause action was dismissed by the Tariff Commission on the grounds that the action was too broad and should be segmented. This was done, and several cases relating to specific items such as velveteens, pillowcases, cotton blouses, gingham, and so forth, were

brought before the Commission by the industry.

One of these, velveteens, resulted in a unanimous recommendation by the Tariff Commission for an increase in the duty. That unanimous recommendation was overruled.

In the meantime, however, the Departments of State and of Commerce began negotiating behind the scene with Japan for arrangement, not an agreement, by which Japan would impose voluntary quotas on the exports of cotton goods to this country.

This arrangement, which was based on no legal or administrative procedure and which was negotiated in almost complete secrecy, without hearings of any kind and without minutes of the conferences held, pulled the rug out from under the Tariff Commission cases and collapsed them all. Thus was the regular order of the law's application destroyed by the very department of the Government that is supposed to enforce it.

Even the unanimous recommendation of the Tariff Commission on velveteens was unceremoniously set aside. In other words, the Executive will had clearly superseded the will of Congress. This will of Congress, as expressed through its agency, the Tariff Commission, was blown aside as so much chaff when it came into conflict with the appeasement policy of the State Department.

No longer is compromise possible. Every day that Congress lets go by, merely watching the State Department do as it pleases with our trade, making pawns of our industries in its not always so brilliant diplomatic moves, the deeper will that Department become entrenched in the exercise of its usurped power.

The time of further compromise is gone. Already the State Department, now abetted by the Commerce Department, has made such far-reaching international commitments that cut squarely across the field of congressional responsibility that, as I have already said, Congress is even now being ignored.

Authority that belongs to Congress should be restored to it. This authority was given Congress by the Constitution for a good reason. We should exercise that authority as befits our responsibility.

The recommendations of the Tariff Commission, having been so largely disregarded and lightly respected by the President, should henceforth be routed directly to the Congress as the bill provides. After all, Congress created the Tariff Commission as an agency to assist the Congress in regulating foreign commerce and not as an agency to help the President conduct foreign policy.

Since the escape clause has been in existence, the President has accepted only 9 of the Commission's recommendations out of nearly 30 presented to him.

This is only about a third of the cases sent to him by the Commission. He has rejected seven unanimous recommendations of the Tariff Commission. The cases approved by the President have generally been small ones, in terms of the amount of trade involved; for example, alsike clover seed, linen toweling, spring clothespins, hatters' fur, dried

figs, women's fur-felt hats within a limited value range, and safety pins. The only two of much commercial significance have been bicycles and watches. In the case of lightweight bicycles, the President raised the duty only from 7½ percent to 11¼ percent, which was much less than the Commission recommended, whereas the duty had been reduced from 30 percent under the trade agreements program.

The Tariff Commission itself has not been liberal in the finding of injury. Its own record shows a rejection of over half of the cases as not proving sufficient injury. So there is certainly no danger of the Commission's running wild.

Also, it would be noted that while the Tariff Commission has recommended the imposition of import quotas in three cases, on industrial products, the President has refused to impose quotas. Here the President has obviously taken his cue from GATT.

I am apprehensive that one of the most dangerous parts of the committee bill is the provision for a 5-year extension with virtually unlimited authority to the State Department to sacrifice any segment of our own national economy in exchange for concessions which may be transitory in their nature or may even be completely worthless.

In the administration of the present act, the State Department and, recently, the Department of Commerce has ignored the responsibility imposed upon each of them to first safeguard and protect our own national interests, and to enter into either bilateral or multilateral agreements only when our Nation will not be endangered by such agreements.

Mr. Chairman, I wish to discuss the provisions of and the principles embodied in the substitute measure, H. R. 12676. I support it because I believe it is a realistic and practical approach to the entire question. I believe that it is realistic and practical because it is an instrument for the stimulation of both exports and imports. In my opinion, this bill, if enacted, will provide the machinery for accelerated domestic production, exports of American goods and the importation of greater quantities of imports, provided these imports are not of a kind and type of which we in the United States are already in surplus.

The original concept of reciprocal trade proposed and advanced by the Secretary of State, Mr. Cordell Hull, never intended that it should be used as a weapon for the destruction of a single American enterprise or contribute to the loss of employment by a single American. The original Trade Agreements Act proposed that mutually favorable agreements would be entered into between nations whereby each would sell to the other its surplus goods products and commodities, provided no serious hardship was worked upon the receiving nation and provided further that both nations received mutually advantageous benefits.

Let us review the historical background of the substitute proposal: It is bipartisan in origin and deserves the active support of every Member of this House who

has within his home district substantial industrial, agricultural, and labor forces engaged in the production of goods that experience injurious import competition and also from those Members whose districts may suffer in the future.

I say this not as one who would restrict competition as such, for I am a strong believer in competition as a force that promotes efficiency and greater effort. I say it rather as one whose recognition of the value of competition at the same time takes into account the destructive aspects of a form of competition that finds its principal advantage in factors that have nothing to do with greater efficiency.

The American producer, be it of textiles, glassware, bicycles, binoculars, fishery products or any of a large number of other products, faces import competition that he can not meet, not because he is less efficient than his foreign competitor but because he bears burdens that raise his costs of production while his rival is not similarly encumbered.

We need only think of the much higher wages that prevail in this country than elsewhere to appreciate at once the foreign competitive advantage that springs from this source alone; for no longer can it be said as so often it has been said in the past, that our higher productivity overcomes the wage handicap. The modernization of mills and factories abroad through the installation of billions of dollars worth of advanced machinery and equipment since the war has gone far toward closing the gap in productivity that separated our producers from their foreign counterparts in years gone by.

Beyond the higher wages and shorter hours that our workers enjoy we need only think of our farm price support program, our extremely high taxes and other cost-raising burdens that rest upon our producers, to be impressed with the unfairness of calling upon these producers to compete with imports of goods that do not carry the same burdens. It is essentially an inequitable demand.

It is a shocking thing to find the executive departments of our Government that now virtually regulate our foreign commerce, but whose very sustenance is derived from taxes imposed on our producers, always so unfailingly supporting the interests of the foreign exporters to these shores and at the same time devoting their energies to the defeat of all proposals that would assure fairness of import competition or that would contain or hold within bounds the amount of injury that can be inflicted by import competition.

It is particularly to this aspect of the issue that I wish to address myself.

Mr. Chairman, I think that it has become clear in recent years that placing the welfare of much of our domestic industry in the hands of the executive branch in the matter of regulating import competition represents an error in judgment. It has meant setting up the State Department and a few other executive departments including the international division of the Commerce Department as the arbiters in a field in which bias toward one side of the ques-

tion may, as it obviously has done, work much inequity upon the other side, in this case domestic interests.

This bias might have been foreseen had it been realized that it is the function of these departments, and especially the Department of State, to resolve conflicts between domestic and foreign interests in the field of trade by looking at them almost exclusively in the light of the pressing demands of immediate diplomatic considerations. As well deliver a mouse to the loving care of a cat and then expect an equitable resolution of any conflicting interests that might divide the two, as to deliver the interests of domestic producers into the hands of the State Department. While this comparison may exaggerate somewhat the results that should be expected from placing the vital interests of domestic producers in the hands of our Foreign Office or State Department in the matter of import competition, it does serve to point up the essential error that has been committed.

In a sense such a bestowal of power places the State Department in the position of operating under a condition of conflict of interests to the disadvantage of domestic producers. While foreign relations are indeed important, our whole system of government is based upon the concept of separation of powers. This concept in turn sprang from the knowledge that too much power cannot safely be entrusted, without proper restraint, upon one branch of the government. Such unrestrained power, it had become known, almost surely leads to abuse and quite certainly to inequity. Power corrupts—absolute power corrupts absolutely.

Our Constitution-makers charged Congress with the regulation of foreign commerce and also placed upon Congress the making and adjustment of the tariff. The Congress as we all know delegated some of this power to the executive branch under the Trade Agreements Act in 1934 and this act has been extended from time to time since that date. During the intervening 24 years, but particularly in the past 11 years, that is, since the signing of the General Agreement on Tariffs and Trade in 1947, which now operates as GATT from Geneva, it has become progressively more certain that the interpretation placed by the executive branch, especially the Department of State, upon the nature of this delegated power, has produced the effect of reading Congress itself out of the very field that the Constitution so clearly assigned to it.

This fact might be glossed over if no one were adversely affected by the results of such an interpretation. In fact, for quite a number of years the Congress itself left the administration of the delegated power to the State Department and asked few questions. The chorus of complaints that has come to our ears in recent years was not loud enough to attract much attention. The number of industries that were hurt was relatively small.

Within the past 5 or 6 years, however, the complaints have become more widespread and the faults of the system

have undergone intensive study. Now there is no longer any question where the trouble lies. It is to be found precisely in that concentration of power in the executive branch that, under the interpretation given to it by the executive branch itself, violates one of the fundamental precepts of our constitutional system. The numerous complaints that the system has aroused from numerous industries, agricultural producers, mining interests, workers in mills, plants, and mines, give a concrete demonstration of the soundness of the constitutional concept, that, had it been honored, would have avoided the results now so bitterly complained against by so many.

What then, it may be asked, was the offending interpretation placed on the power delegated under the Trade Agreements Act? Here we must be specific if we would remedy the error and restore the regulation of our foreign commerce to an equitable and sensible procedure.

The State Department has made it clear that it regards international political considerations, that is, the needs or fancied needs of diplomacy, as the lodestar by which to judge the complaints of domestic producers. It follows from this that it also believes, as it has indeed made very clear, that the President rather than the Congress should have the last word in disposing of complaints lodged by industries of this country under the escape clause of the Trade Agreements Act. Nor is this all. It further believes, quite consistently with this concept, that the State Department may properly make international agreements, as it has indeed done on several occasions, that freeze the import or tariff treatment of particular designated products against change by Congress.

That this freezing arrangement conflicts with the clear powers of Congress to change the foreign trade policy and the tariff of this country as it sees fit, is a reflection that is lightly brushed aside as if it should be given no weight. Thus the power of Congress has, in fact, been greatly impaired without benefit of a constitutional amendment and without following the orderly processes by which our governmental powers may be changed.

When the State Department agreed in the General Agreement on Tariffs and Trade that this country would not impose import quotas on industrial products it was clearly out of order. It was binding Congress against acting in a manner in which it had the clear right to act if it found facts that convinced it of the wisdom of so acting.

All power delegated by the Congress to the executive branch must be so carried out that Congress may change its policy whenever it is convinced of the necessity of doing so, without violating international agreements entered into by the Executive in the exercise of the delegated power. Otherwise the delegation of administrative power is converted into a delegation of legislative power and the surrender thereof to the executive branch.

This is precisely what is involved in the interpretation placed on the Trade Agreements Act by the State Depart-

ment. Otherwise the Department could raise no objection to a reassertion of its power by Congress as proposed in the substitute bill, H. R. 12676, that is now before the House.

The State Department strongly opposes any change in the conditions under which it has operated in carrying out the Trade Agreements Act. It wants to be free to make international agreements that will bind this country without bringing such agreements before Congress for approval. It wants no restraining hand laid on its shoulders that would prevent it from continuing to do as it has in the past 10 or 11 years under the General Agreement on Tariffs and Trade.

It obviously wishes to continue to hold the head of domestic industries under water in deference to diplomatic considerations. It wants the President to continue to have the exclusive veto power that he now exercises over the Tariff Commission recommendations.

This is the heart of the present controversy. Repeated experience has shown that when the needs of a domestic industry for a tariff increase or a quota conflict with what is regarded by the executive branch, that is, especially the State Department, as the best interests of diplomacy, the domestic interest must give way.

It matters not that the State Department's judgment may be wrong; that it may be second-guessing; that it may be gambling; that it may be trying to correct a previous error, or that it merely wants to make friends because it does not like to be criticized. The American industry and its workers are simply to be regarded as pawns in this game of diplomacy to be moved at will by the men in Washington whose function it is to keep our foreign friends happy.

A system or a procedure that submits the interests of our producers to such a method of disposal leaves them without a voice. Diplomatic considerations simply overrule all else. It is Congress alone that can assure a proper hearing for our industries.

Indeed, Congress set up the Tariff Commission as far back as 1916 as an arm of the legislative. Today the Tariff Commission does hold hearings under the escape clause, and our industries are given every opportunity to present their case.

This is all as it should be. The system, however, breaks down the minute that a recommendation leaves the Commission and goes on its way to the President. From that point on Congress loses every shred of authority. The President reviews the recommendation and builds a case all his own, assembled by the various executive departments. They bring in new evidence that is never submitted to the hearings process. Moreover, the President uses criteria of judgment that are not in the law at all and renders a decision. The chances, according to the record, are 2 to 1 that he will not place the Commission's recommendation into effect.

As a result of this process the Congress loses its control completely. Yet what is involved here is the regulation

of foreign commerce; and this is a function of Congress.

A recommendation by the Tariff Commission to the President under the escape clause is a step in carrying out administratively a policy set forth in a law passed by Congress. It is odd indeed that in carrying out his part of the administrative process the President should be able to escape completely from the law that sets up the policy and the procedure. Yet that is what happens under the present system.

That also is what would be corrected in the substitute bill that is now before this House.

This bill, H. R. 12676, would have Tariff Commission recommendations under the escape clause go to Congress as well as to the President.

This is indeed the central provision of the bill. It keeps the President within the procedure but not as the final arbiter. As it is now, the President's rejection of a Tariff Commission decision is final. There is no appeal from it. Congress has no opening for re-entry and the industry must go back to the Commission later if it wants to try again.

In one instance, that is, in the New England fish fillet case, the industry won a unanimous decision after its third case before the Commission in a period of 4 years.

The President nevertheless refused point-blank to place the unanimous recommendation into effect. He has in fact failed to put into effect seven unanimous recommendations of the Commission.

Let us keep in mind that a Tariff Commission recommendation is but a part of an administrative procedure set up by Congress by which its delegated power is to be carried out. Congress, therefore, has a legitimate interest in how this procedure works.

The President's position is that of acting under a delegation of administrative power by the Congress. He holds no direct authority from the Constitution. The original power in this field remains with Congress. Therefore, if the President disagrees with the Tariff Commission, which is an arm of Congress, it should be incumbent upon him to persuade the Congress of the Commission's error; and if he wishes to reject the Commission's recommendation he should first obtain the approval of Congress.

That is what the substitute bill provides and it is a wholly logical and sensible proposal.

This provision of the bill would return to Congress a review of the action that is being taken under its constitutional authority.

Clearly that authority as it has been exercised by the executive under a delegation made to it by the Congress has been abused seriously. Congress on several occasions has given vent to its dissatisfaction. It has legislated the escape clause and the peril-point provision and on several occasions has amended the escape clause to make sure that the congressional intent was clear.

All of this was to no avail. The executive refused to pay heed. Therefore, the time has come, indeed is past due, when Congress must insist that its authority be carried out under the delegation of power granted by it. Otherwise the delegation of this power should be revoked.

I plead with the Members of this House that they take the necessary steps now, in the consideration of this legislation, to set right the administration of the Trade Agreements Act which has been so thoroughly abused by the State Department and the executive branch in general. If this could be done by the language of the committee bill, H. R. 12591, there would be little objection to this bill.

Mr. Chairman, in conclusion let me add that I am no expert on the subject of trade agreements, or on international organizations known as General Agreements on Tariffs and Trade—GATT—and the Organization for Trade Cooperation—OTC; but it is my firm conviction that each of these organizations has as its underlying principle the eventual destruction of the United States of America as a great world power—perhaps as a free nation.

To a concept so inimical to the security and future of our Nation, I must and do express my opposition to the very limits of my ability and my efforts. It is my belief that a 5-year extension of this act with practically unlimited grants of power will most certainly mean eventual ratification of GATT and entry into OTC. To such action, I cannot acquiesce either affirmatively or by silence.

Mr. Chairman, it seems to me that the committee bill, H. R. 12591, gives lip-service only to the nomenclature of reciprocal trade, whereas the substitute bill, H. R. 12676, reaffirms adherence to the broad principles of truly reciprocal trade through which all participating nations shall benefit without detriment or injury to any.

Mr. Chairman, it is for these reasons and in the interest of the continuation of the economic strength of our Nation that I shall support the substitute bill.

(Mr. FLYNT asked and was given permission to revise and extend his remarks.)

Mr. REED. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. O'Konski].

Mr. O'KONSKI. Mr. Chairman, the people who are really going to get hurt by the reenactment of this bill are the people you seldom hear from, because they do not have a large lobby, they do not have any talented lawyers, they cannot afford to send lobbyists to Washington to plead their cause or fight their battles. I am talking about the small industries and the small towns of our Nation. These are the people who are being sold down the river and sacrificed under the guise of world wood will.

I would like to give you an illustration of a little town from which I come. Two years ago we raised a little money, and we built a small plant in order to attract a small industry. We erected the plant and entered into a rental agreement with a reputable and skillful small in-

dustry. About a hundred people were employed for more than a year. Things looked bright for this small industry and small town. But the town and the industry both misjudged what the Federal Government was up to.

As a result of cheap imports of the same product from Germany the original order was forced to be cut down. The principal customer of this small plant was forced to cut their order, due entirely to the import of cheap German-made meters. So the plant the community built to attract and industry is now idle and almost a hundred families lost their jobs. The loss of an industry in a small town and the loss of jobs in a small town is a sad thing. But when we have a Government in Washington that encourages such a condition, then it is downright sickening. This bill, if reenacted will continue to destroy small-town industry just as it is now doing.

This same industry has been a godsend to an Indian reservation forsaken by the Federal Government. Where Indian families were on relief, this industry trained hundreds and made them good, self-supporting citizens. Now comes the report that our tariff policy will permit the importation this fall of meters from Japan at 20 percent of what it costs to produce them in America. When that happens, this industry can no longer survive, and another 150 families will go on public relief. Where is the heart and conscience of our leaders who are engaging in this sell-out of the American workers?

"This small industry and small town does not have the money to come here and plead its case or to go before the Tariff Commission. What chance would they have going to the Tariff Commission or going to the State Department and saying: "150 Indian families are going to lose their jobs and go on relief because our Government permits imports which take away their jobs."

Can you imagine what our Tariff Commission and State Department would tell them? They would be told that we must worry over what other nations think of us if we protect American jobs for American workers. The one-worlders in our State Department have nothing but ridicule for the small towns and small industries in our midst. This, gentlemen, is happening in every small community in the United States.

If you want one good reason why you should vote down this bill, it is this: It makes the State Department the supreme ruler of our Nation. The last agency in the United States that I want to see have any power over the life and death of jobs and industry in our country is the State Department. I do not know of anything in the last 30 years that they have not bungled and bungled badly. I do not know of a single undertaking that they have not been an actual failure at. If you get right down to the whole purpose of this bill it resolves to this: The bungling State Department will have complete power over jobs and industry within our borders.

Oh, yes, we will have a Tariff Commission passing on policy. Oh, yes, there will be a Tariff Commission making recommendations.

But those recommendations go to the President and before the President acts on them he gets the recommendation of the State Department. So, in the final analysis, every decision over the life and death of industry in this country, every decision over the life and death of jobs in America, putting it bluntly, goes into the hands of the State Department. This is the last department that I would like to see having responsibility over the destiny of our country. If that is not reason enough to cause you gentlemen to kill this bill then there is little hope for America.

Take the ECA, the United States Information Service, no matter what undertaking the State Department enters upon it is the most justly criticized and is the one that is always a dismal failure. No matter what they undertake you can rest assured it will be a failure.

Yet, today under this committee bill you are giving this same Department the power over the life and death over all industry and jobs in the United States of America.

What does any member of the State Department, for instance, know about what is going on in your more than 25,000 various small communities in our Nation? What do they know about a little town, how it is dependent upon one single industry and how if you kill that one little industry you kill the very lifeblood and life stream and the credit of the community? Your so-called experts in the State Department live a sheltered and comfortable life in a world of their own. Conditions outside Washington concern them little and they know less than little about them.

In all good conscience I ask again, What do they know about the conditions and troubles in these 25,000 small communities and small areas within our borders? These small communities and areas are the ones that are going to pay the penalty if this bill is enacted. The people of these areas will pay the penalty because they are unknown and of no concern to the State Department to whom this bill gives the final power over imports into our country. Give the State Department this power and your more than 25,000 small towns will become ghost towns—a lasting memorial to the reciprocal trade agreement. Fellow Members of Congress, let us wake up before it is too late.

Mr. REED. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. DOOLEY].

Mr. DOOLEY. Mr. Chairman, I rise in support of the proposed legislation, H. R. 12591, which would implement the administration's foreign-trade policy by extending the period during which the President would be authorized to enter into foreign-trade agreements under section 350 of the Tariff Act of 1930, as amended to June 30, 1958, until the close of June 30, 1963.

I speak somewhat reluctantly, not because I lack an iota of faith in the soundness and validity of the President's program, but because I do not like to be at issue with some of the outstanding leaders of my own party for whose character and judgment I have the most profound respect. There is not the slightest doubt

in my mind, however, but that in this world as it is, and not as it was—in this world as it will be and not as we want it to be—world trade must, of necessity, be as free as possible from oppressive and hampering tariff restrictions.

To approach the problem in any other way will eventually mean that we will have to pay a high penalty for the luxury of commercial provincialism.

I have not been able to attend the hearings of the Ways and Means Committee, but I have taken the trouble to read the testimony of some of the most important witnesses, and, by the same token, I have read the tremendous literary outpourings of the American Tariff League, Inc., as well as the trenchant document of the United States Council of the International Chambers of Commerce.

A careful analysis of the conflicting viewpoints reveals that even those who oppose reciprocal trade—who oppose GATT—and who oppose OTC are not too far apart in their particular objectives. The American Tariff League, Inc., for example—which by the way, represents an important group of business leaders and trade associations—would have the Tariff Commission prepare a revision of our entire tariff and foreign trade regulatory structure. It (the ATL) recommends that in furtherance of a fair tariff structure, consideration should be given to the institution by the United States of an incentive or sliding scale tariff system which would recognize and reward any foreign country which improves its living standards or wages for its workers. It recommends the Tariff Commission be increased from 6 to 7 members and that the President, as now, appoint the Commissioners with the advice and consent of the Senate.

It recommends that the Commission should keep items under review and make adjustments or modifications necessary to changing situations.

In other words, the American Tariff League, Inc., recommends a substitute approach for our trade policy which would include a forum whereby member countries could air their trade grievances and recommend treaties for ratification to effectuate desirable changes in national laws or broad policy matters.

This does not differ very much from the present situation save in some minor methods of procedure.

Another suggestion of the American Tariff League, Inc., is the creation of an international statistical bureau which would issue data by countries on tariff quotas, average wage rates, fringe benefits, productivity, and so forth.

The differences between the recommendations of this organization and what the President is seeking are academic and inconsequential.

The program the administration seeks to extend began in the trying days of 1934. It was created to expand markets for the products of American farms and factories. Under this program the President—authorized by Congress—obtains reductions in foreign tariffs against our exports, in return for reciprocal lowering of our own tariffs. Through this

arrangement, world trade is expanded with many benefits for all cooperating countries.

I do not intend to delineate or enumerate the reasons why this country needs world trade, or to point out the impact our trade has on employment in this country. The Members of this body are all familiar, I am sure, with the succinct, convincing, and, to me, highly irrefutable statement of the distinguished Secretary of Commerce, Sinclair Weeks, which was made in response to a formal interrogation by our distinguished colleague from New Jersey, ROBERT W. KEAN.

Let me emphasize, however, the importance of reciprocal trade to our country by quoting briefly from Mr. Weeks' forceful response.

International trade—

He said—

is vital to the economic health and future growth of many free world nations. Their economic vigor is most important for both their military strength and their political stability. This is especially true for the underdeveloped countries which comprise a large and important area of the world.

The reduction of trade barriers within the free world facilitates the development of expanding markets for these countries that are so vitally dependent on trade. Our trade agreements program, by the actions we take and the leadership we exercise, makes a significant contribution to this end.

A more direct threat to our security now makes the trade program even more important. An economic offensive has been hurled against the free nations by the Communist leaders. Through programs of trade and aid, the Soviet Union is making intensive efforts to divide the free world, to detach free nations one by one and draw them into the orbit of Communist influence. It is offering to import the surpluses of underdeveloped countries and is thus seeking to exploit the trade difficulties of the free world and to tie those countries to the Soviet bloc.

The trade agreements program can help the United States to play a decisive role in protecting and strengthening both itself and the free world against the Communist threat.

If the Congress extends the reciprocal trade program, as the gentleman from New York believes it will, it will simply be enabling the President to lower tariff on a gradual basis in return for equivalent trade benefits from other countries. The principal provision would allow tariff reductions up to 5 percent a year over a 5-year period.

I think it is worthy of note that this would not necessarily mean a wholesale reduction of tariffs. The reductions would be on a highly selective basis without injury to our own producers.

With the protection afforded by the peril-point clause and the escape clause, American industry would be safeguarded adequately and our entire economy would be benefited.

To do anything less than endorse the President's program would be a blow to progress, a step in the direction of making the United States an island in the sea of opposition.

Mr. MILLS. Mr. Chairman, I yield 3 minutes to the gentleman from South Carolina [Mr. McMILLAN].

(Mr. McMILLAN asked and was given permission to revise and extend his remarks.)

Mr. McMILLAN. Mr. Chairman, I would certainly not get up here and tell gentlemen like the gentleman from Arkansas [Mr. MILLS] and the gentleman from New York [Mr. REED] the chairman and ranking minority member of the Committee on Ways and Means, how to legislate. I am one of their greatest admirers and if there are any two people in this House I would like to follow, it is the gentleman from Arkansas [Mr. MILLS] and the gentleman from New York [Mr. REED]. I have always considered them the most able Members of this body.

However, I should like to tell you just how we feel so far as the Reciprocal Trade Agreements Act is concerned and how it has affected us in the State of South Carolina. As I stated a moment ago, I have the fullest confidence in the chairman and the ranking minority member of the Committee on Ways and Means.

I do not know of any bill that has ever been reported to the floor of the House that affects as many people in the United States as the bill we are considering today.

I shall only try to give you some information on the types of industries in my own district which are vitally affected by the Reciprocal Trade Act.

I do not believe there has ever been a bill reported to the floor of the House which has aroused as much interest among the American people as the bill which has just been reported from the Ways and Means Committee and is under consideration at the present time.

There have been millions of dollars spent in propaganda for the purpose of arousing support for a 5-year extension of the President's proposed Reciprocal Trade Act.

We people in the Sixth District of South Carolina are vitally interested in the welfare of the carpet industry, plywood industry, and textile manufacturers. I have a number of industries in my district that fall in one of the above-named categories. These industries employ thousands of people and at the present time they are feeling a terrific impact from the importation of textiles, plywood, and Wilton carpets, velvet carpets, and rugs manufactured in cheap labor countries.

The original administration proposals were modified in some respects, but in reality, final action on proposals to increase tariffs or to fix import quotas to offset injury from imports rests with the President.

If the Tariff Commission recommends relief under section 7 of the Trade Agreements Extension Act, the so-called escape clause provision, the President can set aside that recommendation, just as he can set aside such recommendations now.

If the Congress, by a two-thirds vote, disapproves the President's action, the Tariff Commission's recommendation will go into effect. But, as a practical matter, it would be extremely difficult to

get the two-thirds vote in such instances, just as it is extremely difficult today to muster a two-thirds vote to override a Presidential veto.

By sad experience, we have learned that the President, in the overwhelming majority of instances, will not let Tariff Commission recommendations for the relief of an industry hit by import competition go into effect.

Since the Tariff Commission was authorized in 1951 to investigate an industry's complaints of injury from imports and to make recommendations for relief, the Commission has considered approximately 60 such cases. It has recommended relief in 23 of them but the recommendations have been set aside in all but 9 instances, and only 2 of these, bicycles and jeweled watches, had any commercial significance.

A fundamental question, then, is whether we pass legislation which will enable aid for industries who find their situation more and more precarious because of imports or whether we let them try for help only to find that help is not forthcoming.

On June 10, a hearing will be held before the Tariff Commission on an escape clause action brought by the carpet industry. Specifically, the American Carpet Institute, acting on behalf of the industry, is seeking additional protection against the entry of Wilton and Velvet carpets and rugs, and similar types.

Wilton carpet takes its name from the town in England where it was first produced. This carpet is a fine and long wearing floor covering with a deep, dense pile. Velvet carpet is the simplest of all carpet weaves and is used mostly for solid colors. Closely woven, it is long wearing and rich looking.

Since 1946, the import of Wilton and Velvet carpets have risen over 2,000 percent, imports in that year being only 317,000 square yards. Now they approximate 7,500,000 square yards annually.

Furthermore, these types of carpets have been among the most profitable for the industry and the inroads made by imports are particularly injurious because of this fact.

Actually, the trend in Wilton and Velvet and similar floor coverings parallels to a large extent the trend in the entire carpet industry.

In 1946, imports of all machine made rugs and carpets amounted to only 257,000 square yards. In 1957, the total was 4,860,000 yards, an increase of more than 1,750 percent.

When we look at reductions in carpet duties which followed the enactment of the reciprocal trade act, the answer to what has taken place is not hard to find.

The duty on rugs and carpets has been reduced from 60 percent ad valorem to 22½ percent ad valorem and the duty goes to 21 percent on July 1, 1958. The decrease in duty has coincided with the rise in imports.

The principal import competition for the carpet industry is furnished by Belgium, although Japan is becoming increasingly important. The story is an old one. You have heard it over and over and will hear it again and again during this discussion.

Wages in Belgium carpet industry are less than one-fourth the average paid in this country and wages in Japan are lower still. Costs are less abroad than costs in this country. The competitors overseas have modern plants and machinery, much of which has been bought in this country with funds donated by the United States.

Unless relief is granted in one form or another the competition will grow increasingly severe and the situation of the domestic industry more and more precarious. It is interesting to note that union labor in the carpet industry is strongly supporting the Simpson-Dorn-Davis-Bailey bill in the hope that its passage may result in relief for the industry and the alleviation of widespread unemployment among carpet workers.

As industries go, the carpet industry is not a large one. There are around 70 carpet plants and around 30,000 workers in them. But most of the carpet mills are located in small communities which are dependent upon the plants to a large extent. Among these communities are Framingham, Mass.; Amsterdam, N. Y.; Thompsonville, Conn.; Bloomsburg, Pa.; Freehold, N. J.; Glasgow, Va.; Dalton, Ga., and Aberdeen, N. C.

In all probability more than action to raise tariffs under the escape clause provision will be needed to give the carpet industry the relief it needs from low-wage, low-cost competition. In the opinion of many in the industry, quotas are the answer. Yet, I am afraid there is little hope for any action which will help this industry unless we defeat the bills reported by the Ways and Means Committee and approve the Simpson-Dorn-Davis-Bailey bill.

The same thing could be said for many other industries.

Mr. Chairman, I now would like very much to direct your attention to the plight the plywood industry is in not only in my home State of South Carolina but in approximately 20 other States of these United States.

The hardwood plywood industry of my State has been seriously injured by the influx of low-priced plywood from low-wage highly-industrialized countries such as Japan. The cutback in production and the lower prices of the domestic hardwood plywood has been reflected back to the owners of timber in my State and many other States.

Hardwood plywood requires the top quality log, called a veneer log. The veneer log brings a premium price. The hardwoods used to make plywood came from trees found in the Lake, Central, South Central, Northeast, Delta, Southwestern, and Southern States. In those States the farmer is the principal supplier of veneer logs and earnings of the farm woodlot add a great deal to the farmer's income.

The Forest Service timber resources report shows that the farmers own 50 percent of the commercial timber in the States of Nebraska, Kansas, Iowa, Illinois, Indiana, Ohio, Virginia, North Carolina, South Carolina, and Georgia, and from 25 to 50 percent in the States of North Dakota, South Dakota, Minnesota, Wisconsin, New York, Vermont, New

Hampshire, Connecticut, West Virginia, Tennessee, Mississippi, Alabama, Florida, Arkansas, Oklahoma, and Texas. The farmers of all these State have a material stake in their forest products industries. The hardwood plywood industry is an essential segment of the forest products industry, if it is destroyed, the market for the premium logs is gone and the farmers will lose substantial revenue.

The farmers, the loggers, truckers, and others have a very great interest in the Trade Agreements Act. For every worker in the hardwood plywood industry at least one other worker is directly dependent on the hardwood plywood industry for his job. There are untold numbers who are indirectly affected. Under the present policy the jobs of the hardwood plywood workers and others dependent on the hardwood plywood industry are up for export. The unrestricted imports of hardwood plywood have already resulted in the export of a substantial number of jobs and the loss of millions in wages. In 1957 domestic hardwood plywood shipments were 16 percent less than 1955. The Bureau of the Census reports that domestic hardwood plywood production in the first quarter 1958 is 16 percent less than the first quarter 1957. On basis of the presently available figures and provided imports of plywood do not increase United States hardwood plywood production in 1958 will be approximately 700 million square feet, 11 percent below 1957 and 23 percent below 1955. A truly distressing picture of the eroding effect of low price imports. This should be sufficient to establish injury even for those who have accepted blindly the propaganda of the importers and foreign producers.

Quotas are required to remedy the injury to the plywood and other industries where the differential is so great between our labor costs and the labor costs of the widely industrialized countries that tariffs alone will not bring the imports into fair competition with the domestic product.

QUOTAS

The administration has just recently sent to Congress a bill to provide subsidy payments to the domestic lead, zinc, and tungsten industries so that these industries will not be destroyed by imports from low-cost countries. The cost: \$161 million per year. Congressman BATES, of Massachusetts, has introduced a bill to provide a subsidy on ground fish for the New England fish industry about to be destroyed. The west coast tuna, crab, and salmon industries have an identical complaint and should be attached to the Bates bill. The costs will soar from \$41 million to a hundred and forty-one million. If these industries are entitled to subsidies in order to stay in competition with the low-priced imports, why should not Congress provide subsidies for hardwood plywood, stainless steel flatware, clothespins, copper tubing, glassware, pottery, coal, and the hundreds of other products whose producers are fighting a losing battle against an influx of low-priced imports from highly industrialized low-wage countries, such as Japan.

The State Department and the Executive have been most inconsistent in their approach to the problems created by the low-cost imports. When it appeared that the cotton textile industry had generated sufficient pressure to get congressional relief, the State Department prevailed on the Japanese to put in effect a quota on exports of cotton textiles to the United States. Then came the petroleum industry. After a finding that our national security was threatened by petroleum imports, the President ignoring the provisions of the Trade Agreement Act sets up a voluntary import quota system which operates in somewhat the same manner as a lawful import quota system would operate but lacks the sanctity of the law. This dodging from pillar to post and back to pillar again, will not end unless Congress puts a stop to it. Is the Congress to be asked to take favorable action in favor of some of our industries and deny relief of any kind to others because the favored industries wield a bigger political club? I can only conclude that the administration has no policy. Pressure controls each decision.

The taxpayers including those about to be destroyed by the low-priced imports are to be asked to assume the cost of these new subsidy programs. Our citizens are presently burdened with a \$3½ billion foreign-aid program and \$43 billion defense program, they are to be told that they must pay billions more in taxes to subsidize the imports from low wage foreign countries. This subsidy program is no more than a new foreign-aid program. It is wholly unnecessary, the means of controlling imports and collecting instead of paying out revenue is available, it is a means already sanctioned by the executive branch for textiles and oil, quotas on imports. Through the combination of judicious quotas and tariffs imports can be regulated so that the American producer can compete fairly with all the foreign producers in a stable domestic market. Everyone will benefit, especially the taxpayer.

The State Department has taken the position that it will not approve quotas on industrial products because it has committed itself under GATT, first not to grant quotas on imports into the United States and second, to work for the repeal or emasculation of section 22 which provides for quotas on agricultural products. The State Department fixes the policy of the President on matters of tariffs and trade. Our tariffs have become a valuable weapon to the State Department's foreign-aid program. American industries are the pawns of the State Department in the game of international politics.

The policy of the State Department on quotas is rapidly destroying domestic industries and alienating many friendly countries. The United States through its foreign aid has industrialized many low wage countries. The productivity of these countries has increased but their wages have not followed the productivity and are very low. As a result the highly industrialized low wage countries such as Japan can undersell the American producer and the other foreign producers in the United States

market. The differential between the low price of products from Japan and the price of domestic producers and foreign producers other than Japan is so large that the United States duties are no obstacle to the Japanese but threaten the other foreign producers' competitiveness. The Japanese have taken over many markets to the detriment of producers in other countries and our domestic industries.

For instance, in 1951, Canada had 62 percent of the plywood imports of the United States. In 1957 Japan had 82 percent and Canada 7.5 percent. Canada's dollar earnings from plywood has dropped from \$12.5 million in 1955 to \$8 million in 1957. The similar situation exists with other plywood exporting countries. In 1957, in order to meet the low price of the Japanese plywood, the average sales price of plywood from other countries dropped from \$117 to \$101. The value of plywood imports from countries other than Japan was \$22.8 million in 1955 and \$16.9 million in 1957, whereas Japan increased from \$27.6 million in 1955 to \$44.4 million in 1957. Obviously the tariff does not affect the Japanese.

The average sales price of plywood from Japan during the period 1951-57 was approximately \$63 a 1,000 square foot. The average price for all other countries exporting plywood to the United States was approximately \$115. A restoration of the duty provided in the 1930 act would not bring the price of Japanese plywood near the competitive price range of domestic hardwood plywood. Some of the other plywood exporting countries have prices lower but in range of the domestic hardwood plywood prices. An increase to the 1930 rate would materially increase the differential between those countries and Japan and would lower the competitive position of such countries in the United States market. An increase in duty alone could injure our friends and not remedy the injury caused by the Japanese plywood imports.

On the other hand a quota established on a country or historical basis, would insure to all countries the right to sell in our markets and also protect the domestic industry's position in our market.

Congress must set a positive policy for tariffs and foreign trade. Consideration of legislation which increase the taxpayers' burden should be discarded. A realistic program to limit imports where domestic industry is injured should be inaugurated immediately. The Simpson bill, H. R. 12676, provides that the Tariff Commission shall provide for quotas where a maximum increase in duty will not remedy the injury. This means that tariffs will prevail where they are effective but where tariffs alone will not suffice then the Tariff Commission shall recommend quotas.

Congress, by specifically directing the Tariff Commission to provide for quotas is reasserting its authority over tariffs and trade; the State Department will have to conform to this policy. I believe the Simpson bill will go a long way to remedy the ills tried to be reached by

the textile export quota, the voluntary oil quota, and the various bills to subsidize domestic industries against imports.

It is time that Congress stops the makeshift actions which are sacrificing the domestic industries, increasing the tax burdens of our people and making new enemies for us in the world. If we are firm but fair and administer the Trade Agreements Act honestly and without favor to any one country, we will regain the respect which we have lost. The United States should not continue to act the sniveling coward who cringes and gives in under the threat of displeasure from others. We should stand up for our people against all others; not one American job should be sacrificed.

Mr. MILLS. Mr. Chairman, I yield 7 minutes to the gentleman from Florida [Mr. SIKES].

(Mr. SIKES asked and was given permission to revise and extend his remarks.)

Mr. SIKES. Mr. Chairman, I suspect if the truth were known that I am today in the company of many House Members who are reluctant to support either of the bills before us. That is not a new situation for there have been many prior occasions when we have been limited by the parliamentary situation to choosing 1 of 2 alternatives, neither of which are wholly desirable. It appears that nearly all of us are in agreement that there should be an extension of the foreign-trade agreements. Yet, I feel that both bills before us now go to extremes which are undesirable. I believe we would be in a far happier position if we could achieve in a single bill some of the objectives which are set forth in both bills. Nor do I think this would be an impossible undertaking. I say this with highest regard and respect for the distinguished members of the Committee on Ways and Means who have brought this bill before us.

I do feel that we in Congress must exercise more authority than we have done in many years over the reciprocal-trade program and I am equally convinced that unless the Congress steps into the picture vigorously at this time many American industries will suffer severely and many American workmen will be deprived of employment in the years to come. Since the committee bill is to all intents and purposes a continuation of the present program for the longest period suggested in a goodly number of years, I am forced into the position of voting for the substitute bill.

Out of the goodness of our hearts America has helped to rebuild the industrial plants of many nations ravaged by war and we have helped other nations to build industries new to their economy. Both American money and American know-how have gone into these undertakings. Now, however, the product of these rebuilt and these new industries are pouring into world markets and even into our own markets. Unless the Congress requires more consideration for American industries, at least in our own markets, we will find ourselves producing fewer and fewer commodities for domestic or for foreign

trade. One after another of our products will be taken over by foreign producers and put on the market at a much lower cost than we are able to manufacture them simply because of the great difference in the working standards and production costs.

I recognize the fact that tremendous pressure has been brought to bear on both sides of the aisle from many groups who profess to believe that a continuation of the present reciprocal trade program under present law is essential for our welfare. I would like to be sure that we realize just what this means. The Constitution clearly places the responsibility for imposition of tariffs in the hands of the Congress. The Tariff Commission is an agency created by Congress to carry out certain aspects of the tariff administration. Yet, for nearly a quarter of a century, the responsibility of the Congress in this field has been waived through a delegation of authority to the President. During that period the State Department, which is the principal adviser to the President on trade matters, has become more and more involved with world problems and the thinking of its experts are more and more shaped by the commitments associated with world leadership. This is understandable, but when the recommendations of the State Department have a direct bearing upon the livelihood of American citizens we must be certain that they are placed in proper focus. The Congress with its fresher contacts with the American people and closer understanding of our basic economic situation can best insure the balance which is needed in this program.

Foreign Trade Agreements are but one element of the leadership between the United States and other nations. Because of recent world happenings, many of them detrimental to us, the entire foreign policy of the United States will be under careful scrutiny in coming months. Therefore, it appears clear that until the future relations of the United States with respect to the other nations can be determined, at least in principle, it would be a grave error to commit ourselves on this one segment of the nation's foreign policy to the extent of committing it to a continuation of the present course of action. Particularly is this so in the light of the controversial nature of the policy embodied in the proposed legislation.

Furthermore, it appears that this is not a propitious time to grant a 5-year extension of the foreign agreements machinery contemplated by the reciprocal trade agreements legislation in view of the unsettled and rapidly fluctuating state of international conditions. The nature of the international affairs should raise serious doubts in every mind whether the authority proposed to be granted the President by the committee bill should be approved.

We seem to suffer at times from a paralysis of ideas. Not long ago at the very hour of the debate on foreign aid in the House of Representatives the structures of good will and understanding which the foreign aid program supposedly is insuring for us were collapsing all over the world. Yet, the House with-

out major change in the program voted and the Senate has since followed suit in voting for a program which is in disrepute at home and abroad.

The farm program is not in any sense a desirable one with its great surpluses, its gradual elimination of world markets to the American farmer, its deadend policies which are forcing hundreds of thousands of small farmers off the farms and into the crowded slums of the cities, finds no sharp, clear and promising alternatives.

We have blindly followed the reciprocal trade agreements program for nearly 25 years. Yet I am not sure we are following the fundamentals for which it was created. Certainly the conditions under which we adopted it are far different from the conditions of today. Certainly we cannot carry the entire load of world affairs. But I have seen little evidence of a reappraisal to determine whether there is real justification for the program; whether this is blind obedience to custom; or whether it is time for new ideas and new policies.

Somewhere, somehow, from some source, there must be new thinking, new policies and new leadership with which to meet the great unsolved problems which confront us, and which have plagued us for many years. Until they are available, we must go on our plodding overworked ways, and do the best we can. In this instance, we can improve conditions for the people we represent by voting for the substitute bill and that I propose to do.

Mr. MILLS. Mr. Chairman, I yield such time as he may require to the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Chairman, I rise in opposition to the bill and in favor of the substitute bill.

(Mr. LANE asked and was given permission to revise and extend his remarks.)

Mr. LANE. Mr. Chairman, to many Members, the Trade Agreements Extension Act of 1958 offers, at best, a most difficult choice.

If we vote against it, to protect those industries in our districts that have suffered from competing imports produced at substandard wages, we ignore the larger interests of the United States in its dealings with other nations.

If, however, we take the longer view, we shall fail in our immediate obligations to those industries and those constituents that are not protected against the invasion of low-cost foreign goods.

The bill calling for a 5-year extension, is too much for us to support. We are willing to make a reasonable compromise, limiting the extension to 1 or 2 years, and with safeguards whereby our industries may obtain relief from unfair competition.

It is obvious that we must have foreign trade on a 2-way, buy and sell basis, not only for the hundreds of American industries, and the four and one-half million American workers, whose livelihood depends upon our export trade; but for those nations that must find a market for their products in the United States, or else do business with the Communist world under conditions that

would subject them to Communist economic pressures.

At the same time, it is our sworn duty to protect the economic security and the standards of those American industries that are endangered by competing imports. How shall we design a fair and equitable balance between these two needs?

In the past, the failure of the executive branch of our Government to heed peril point appeals, or to impose quotas on imports where reasonable tariffs do not protect domestic industries, has caused serious injury to our manufacturers of textiles, and of heavy electrical equipment, as well as many other industries.

The current recession in the United States, emphasizes the need of providing prompt and effective relief for those American industries and American workers whose welfare is clearly threatened by imports. To make certain that this relief is not neglected, or sidetracked, the Congress must have the final voice in determining our tariff and foreign trade policies, as authorized by the Constitution.

There will, as there must be, more reciprocal trade as time goes on, and as other nations approach our fair labor standards. But, in the uncertain present, we cannot delegate arbitrary power to the Executive for as long a period as 5 years, and without any checks on that power.

For the record since the end of World War II, does not inspire complete confidence in the Executive to exercise those powers with due regard for the dislocations caused by excessive imports.

Therefore, while we believe in the basic principles and purposes of the Trade Agreements Extension Act, we must insist, at this time, on those minimum controls that will prevent unfair competition in our domestic markets caused by imports produced at substandard wages and under substandard working conditions.

Mr. MILLS. Mr. Chairman, I move that the Committee do now rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 12591) to extend the authority of the President to enter into trade Agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, had come to no resolution thereon.

GILLOUS M. YOUNG

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1492) for the relief of Gillous M. Young with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill. The Clerk read the Senate amendments, as follows:

Page 1, lines 5 and 6, strike out "the sum of \$3,751.47. Such sum represents" and insert "any sum representing."

Page 2, strike out lines 4 to 20, inclusive.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

WESTERN INSTRUMENTS ASSOCIATES

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1700) for the relief of Western Instruments Associates, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, lines 1 and 2, strike out "in excess of 10 percent thereof."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

E. B. KAISER CO.

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3679) for the relief of E. B. Kaiser Co., with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Strike out all after the enacting clause and insert: "That jurisdiction is hereby conferred upon the Court of Claims, notwithstanding any prior determination or dismissal by such court or any other provision or rule of law to the contrary, to hear de novo, determine, and render judgment upon all claims of the E. B. Kaiser Co., of Chicago, Ill., against the United States for compensation for additional work done in connection with the performance of subcontract No. 27-42 under contract W559 eng-5949, and such claims shall be considered as if they had arisen subsequent to the enactment of the act entitled 'An act to permit review of decisions of the heads of departments, or their representatives or boards, involving questions arising under Government contracts,' approved May 11, 1954 (41 U. S. C., secs. 321 and 322): *Provided*, That the enactment of this legislation shall not be construed as an inference of liability on the part of the United States Government. "Sec. 2. Suit upon such claims may be instituted at any time within 90 days after the date of enactment of this act."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendments were concurred in.

The title was amended so as to read: "An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment on certain claims of the E. B. Kaiser Co., of Chicago, Ill."

A motion to reconsider was laid on the table.

UNITED FOUNDATION CORPORATION OF UNION, N. J.

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5355) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment on certain claims of the United Foundation Corporation of Union, N. J., with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 7, after "322" insert: "*Provided*, That the enactment of this legislation shall not be construed as an inference of liability on the part of the United States Government."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

THOMAS HELMS AND OTHERS

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5424) for the relief of Thomas Helms and other employees of the Bureau of Public Roads, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 1, strike out "Kinnman" and insert "Kinnan."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

W. C. YARBROUGH

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 6932) for the relief of the estate of W. C. Yarbrough, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 11, strike out "in excess of 10 percent thereof."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

ARNIE M. SANDERS

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 7733) for the relief of Arnie M. Sanders, with a Senate

amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 11, and page 2, line 1, strike out "in excess of 10 percent thereof."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

AMENDING TITLE 10, UNITED STATES CODE

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1061) to amend title 10, United States Code, to authorize the Secretary of Defense and the Secretaries of the military departments to settle certain claims for damage to, or loss of, property, or personal injury or death, not cognizable under any other law, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts? [After a pause.] The Chair hears none and appoints the following conferees: MESSRS. LANE, WILLIS, and POFF.

AMENDING MUTUAL SECURITY ACT OF 1954

Mr. MORGAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, with an amendment of the Senate thereto, disagree to the Senate amendment and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania? [After a pause.] The Chair hears none and appoints the following conferees: MESSRS. MORGAN, CARNAHAN, ZABLOCKI, VORYS, and JUDD.

MENSHIKOV MUST GO

(Mr. FEIGHAN asked and was given permission to extend his remarks at this point in the Record.)

Mr. FEIGHAN. Mr. Speaker, it is proper that Nikolai Kurochkin, Third Secretary of the Soviet Embassy, be declared persona non grata because he violated the norms of behavior for diplomatic representatives. President Eisenhower should forthwith declare Ambassador Menshikov persona non grata as I urged in my speech here on May 19. I have discussed Menshikov's activities with State Department officials occupying high policy positions and not one has denied the fact that good and sufficient reasons exist to declare Menshikov persona non grata. Russian Ambassador Menshikov has systematically violated the norms of behavior for diplomatic representatives by stating palpable lies,

Six women formed a committee who went inside and spoke with the President. They included Mrs. Clara Lopez de Gonzalez, who said in addressing the institute crowd later that she told the Chief Executive: "If by midnight the commanders are not down, you will go down with them."

Others on the committee were Lesbia Espinosa, Lidia de Gomez, Minerva de Forte, Noemi Castillo, and Griselda Elden.

Mrs. Castillo, who also spoke at the Institute, said she asked the President to come out on the balcony but he did not do so. The President was accompanied at the conference only by a Catholic Priest, Father Gomez.

A presidential spokesman said later the Chief Executive had offered to discuss any aspect of the case on a factual basis with representatives, "but they seem in no mood to discuss anything."

Even before dark some busdrivers had been alerted for a sympathy strike. Members of the Typographers Union met and put themselves on an alert basis.

At the Carcel Modelo (city jail), inmates set up a din of shouting shortly before midnight. They were quieted by hosing down and by tear gas.

A number of bands roamed the streets during the night.

[From the Christian Science Monitor, of May 31, 1958]

STUDENTS HARASS GOVERNMENT—RIOTS NEUTRALIZE PANAMA GAINS (By Ralph K. Skinner)

PANAMA CITY, PANAMA.—Panama's President de la Guardia is frustrated and saddened by anti-American riots of students he had given credit for being more mature.

If, as appears likely, Ernesto de la Guardia, Jr., remains in the presidential chair after the current period of rioting, pillage, killing, and national disturbance is ended, it will be a hollow victory.

This reform-seeking president has seen all the accumulated good of his 17 months in office dissipate in the mist of stupidity, hate, cupidity, and political treachery which has engulfed this capital city and other sections of Panama since Monday, May 19.

The biggest mistake of this forward-looking president may have been his endeavor to give recognition as adult thinkers to an undisciplined mob of students who took advantage of his good intentions and trusting nature.

For years the students' traditional interference in politics has caused enmity between them and the national guard, Panama's combination army and police.

STUDENTS WON IN 1947

In 1947 violent student coercion, led by adults, forced the national assembly into unanimous rejection of a United States request for military bases in Panama.

Students thought themselves influential until Col. Jose A. Remon became president. He told them to keep out of politics or he would close the schools. He meant it and the students realized it. They withdrew from political activity.

Under President de la Guardia, the students have become noisy and demanding again. This is due to three themes which are being dinned by interested parties into every Panamanian, but especially the student groups.

These are:

1. Every Panamanian has the right to expect great and unending benefits from the Panama Canal, in which Panama is a self-asserted "equal partner."

2. If Egypt could nationalize the Suez Canal, Panama should aspire for nationalization of the Panama Canal.

3. It is patriotic and proper to denounce United States treatment of Panama during the past 55 years.

TREATY CLEAR

This perverted campaign is receiving great support from certain politicians and publishers here. And, when all propaganda tunes run out, there is the domestic equivalent of "Which came first, the chicken or the egg?" Locally, the question is whether the United States or Panama has sovereignty over the Canal Zone. The treaty is plain in saying that the United States exercises the same sovereignty as if it were sovereign. But soapbox orators don't quote the treaty.

When the students recently became too vehement, the National Guard took action, but the President stepped in.

Senor de la Guardia told this correspondent several weeks ago that he thought the guard was too rough with the students. He also said that the general public distrust of student politicking was unfair.

The President said the future of the nation was in the hands of these students and they should be helped and guided and given a voice in national affairs to train them for the future.

To accomplish this, he sent negotiators to the student leaders, proposing that he would order the police not to molest the students on condition that the students would be sane and reasonable in their attitude to law and order.

The President reported that he had even proposed special students' courts to handle the trial of students rather than trying them in regular police courts. Carlos Arellano Lennox, president of the University Students Union, confirmed that the President had proposed an arrangement to him but said he had neither accepted nor declined it.

PIQUE SPARKS RIOTS

It is believed that the Presidential order to the National Guard to give a free hand to the students and not to restrain nor manhandle them brought about much of the tragedy that has followed. And Sr. de la Guardia still has refused to allow arrests of student agitators and decisive though forceful handling of student attacks.

Either the students knew of the Presidential orders and took advantage of them and gained a false courage which led to extremes.

The precise spark which lit the Panama scene in such a bloody light was probably student pique, high-school student pique.

The University Students Union staged a raid into the Canal Zone early in May and planted some 50 Panama flags in various public areas. Led by conniving politicians, the public gave the students such approbation that they considered themselves national heroes.

The flag planters paraded to the presidential palace and made certain demands on the President and exacted a promise of immediate action from him.

PARADE BROKEN UP

This excited a rival student group, composed mainly of high-school students, but headed by a man nearly 40 years old, considered a radical and very dangerous. The second student group paraded to the Presidencia but the President had gone to the country on an official visit, and was not there to receive them.

This infuriated the students. They said they would return the following Monday, May 19. The President sent them word not to parade but to present their demands in a normal way through usual channels.

When the students tried to parade, they ran into a national guard contingent armed

with tear-gas bombs. The students pelted the guard with rocks. Many on both sides were hurt and one student was unintentionally killed by a blow on the chest.

Immediately the students called a strike, demanded the ouster of the three commanders of the national guard and of the minister of education in the cabinet. When the President did not accede to their demand, they cried for his ouster.

Since then there have been days of rioting, store windows broken throughout the shopping district, pillaging, sniping by many individuals, and burning of automobiles and the usual stupidities perpetrated by mobs.

There have been about 9 deaths and some 60 injured, according to official censored reports.

The government imposed a curfew from 10 at night to 5 in the morning after suspending civil rights for up to 30 days. There is press and radio censorship. Only administration radio stations are broadcasting. For a few days there was no public transportation and every store in the city was closed.

As this is written, there is a continuing state of upset. The government and national guard hold control of the city, but the students are barricaded on their university campus clamoring for a general strike throughout the country.

JUMBLE OF CAUSES

The causes of all this form a jumble. It appears that the student agitation which started it all was precipitated by headstrong, misled, arrogant students trying to run a national government, which, in turn, thought it was controlling the student tempers through negotiation.

Agitators jumped quickly into the breach in the wall of national calm made by the students. There may have been a handful of Communist leaders, but the majority were not, as seen by capable observers.

The majority were paid agitators, hired snipers, troublemakers, hoodlums, paid by political interests to harass, at the least, and, at the most, overthrow the administration of President de la Guardia.

Senor de la Guardia has tried to institute reforms; he has endeavored to stop the two-handed dipping into the government treasury which has been traditional here. Even more, he has attempted to break up the vested interests and special privileges of a few family hierarchies, long established.

ARIAS HAND SEEN

The current fracas has brought to the fore the name of Dr. Harmodio Arias M., brilliant lawyer, ex-President, financial tycoon and publisher, and probably Panama's most adroit behind-the-scenes politician and power manipulator, according to reliable sources.

According to intimates, President de la Guardia considers Dr. Arias responsible for much of the agitation presently upsetting this country.

A city improvement plan proposed by President de la Guardia would run a highway directly through an unauthorized giant shrimp plant in which the Harmodio Arias interests are controlling. The disruption and cost to the shrimp organization, if the highway is built, is so great that some report that the President thinks the shrimp cooperative would not stop short of revolution to block his proposed highway.

There is not seen the slightest likelihood of the President dismissing the three National Guard commanders. They have stood by him, and he stands by them.

Because of the prevalent public distrust of the Guard and the general belief that Panama is actually a "police state," this going along with the Guard is the only really

vulnerable point in the President's armor of reform. Some observers consider that the President recognizes the present privileged invincibility of the National Guard and is building up his strength to an eventual challenge of their usurpation of the supreme power of the nation.

A STATE BANKER WRITES ABOUT THE BIG BANKERS' BONUS BILL

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 45 minutes.

Mr. PATMAN. Mr. Speaker, a State banker in Minnesota has written me concerning the Financial Institutions bill, S. 1451. He tells me that his State bankers association is urging him to write me; but the urging and advice which he gives me is just the opposite of what his association is urging him to do. The State bankers association, which is in turn being urged by the American Bankers Association, is following a strategy by which it is hoped that this bill will be blasted out of the House Committee on Banking and Currency, onto the floor of the House, and passed in this Congress. This bill is sponsored by the American Bankers Association, dominated by big bankers and the United States Chamber of Commerce, dominated by big business including big bankers.

If Congress were to farm out to the bankers the privilege of collecting the taxes for the Federal Government on the halves such privilege would not be worth as much to the bankers as the passage of S. 1451, a so-called recodification bill.

The bankers' bill is in no shape to be reported to the House. In the first place, the committee as yet has no assurance that it has discovered all of the changes in law which this bill contains. We have discovered 117 changes in the banking laws, and we know that there is one other title of the bill which we have not considered at all and that it repeals at least 200 statutes. As to those changes in law which we have discovered, we have by no means learned what the meaning of each of these changes is. And the committee has not as yet agreed on amendments which would remove or soften the effects of many of those provisions of the bill which we know are especially bad.

In spite of this, a few weeks ago the bankers' lobby began a drive to bulldoze this bill out of the committee. The obstacle in their way, they think, is a small handful of Democrats on the Banking Committee who have been insisting that the committee find out what is in this bill before reporting it to the House. I happen to be one of these few, and the bankers' association has been burning crosses in front of my door for the past several weeks.

It is heartening to have a letter from a banker who says he is not in sympathy with the views of the American Bankers Association. I have received many such letters from bankers who realize I am a friend of the commercial banking system operated by independent, locally owned and controlled banks serving their local communities; that I

am against centralization of our banking resources into the hands of a very few. This one is typical.

As in the case of previous letters which I have put into the record from individual bankers, I am withholding the name and other information which would identify this banker. In addition, I have deleted the last two paragraphs of this letter because they consist almost entirely of personal references to me. The letter is as follows:

MAY 27, 1958.

Hon. WRIGHT PATMAN,

Congressman from Texas, House Office Building, Washington, D. C.

DEAR MR. PATMAN: Our State association is urging that we write and ask you to favor getting the Financial Institutions Act out of committee. Well, I want to tell you that we are not in sympathy with the views of the American Bankers Association on this bill and hope that you will do all in your power to kill the bill unless several amendments can be made to stick.

We are in favor of the amendments as proposed by the legislative committee of the National Association of Supervisors of State Banks. The advocates of the bill, however, boast that they will be able to clear it of all such amendments if they can get it out on the floor and then in conference with the Senate.

Yours very truly,

President.

NO DEFENDER OF S. 1451 IN HOUSE OF REPRESENTATIVES

It is noticeable that S. 1451 does not have a defender in this great body. The bill has been attacked by a number of members, but not one member—Democrat or Republican—has attempted to defend the bill. It would be rather difficult for a Member to defend a bill that would repeal our Federal and State usury laws as they apply to national banks and as proposed in the difficult-to-detect provisions of S. 1451; or to defend many other destructive-to-the-public-interest amendments that are undisclosed in this so-called recodification bill. The bill is full of booby traps and loopholes.

SPECIAL ORDER

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Massachusetts [Mrs. ROGERS] is recognized for 10 minutes.

Mr. CANFIELD. Mr. Speaker, I ask unanimous consent that that special order be vacated and that the gentleman from Massachusetts may address the House tomorrow after other special orders for 10 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

FEDERAL SCHOLARSHIP

(Mr. ROOSEVELT (at the request of Mr. McCORMACK) was granted permission to extend his remarks at this point in the RECORD.)

Mr. ROOSEVELT. Mr. Speaker, I would like to take this opportunity to call the attention of the House to Assembly Joint Resolution 12, recently adopted by the California State Legislature. It is particularly relevant at this time, in light of the Federal scholarship

bill which the Subcommittees on Special Education and on General Education of the House Education and Labor Committee have jointly reported favorably.

Among its worthy aims, title X of the bill authorized by Congressman Elliot proposes to aid vocational schools. The necessity for this provision is amply demonstrated by the resolution, which follows:

Assembly Joint Resolution 12

Joint resolution relative to vocational education

Whereas the spectacular achievements of Russian scientists, engineers, and technicians demand the urgent development of more technical manpower for our Nation's defense program; and

Whereas an emergency need exists for technicians and skilled workers to build, install, maintain, service, and repair the equipment of today and the automations of tomorrow; and

Whereas a southern California research council report shows that in the Los Angeles area the manpower needs for craftsmen and foremen will increase about 166 percent by 1960 and for operatives and kindred workers the increase will be about 139 percent; and

Whereas meeting these needs have been a paramount task of vocational-technical programs in local high schools and technical divisions of the junior colleges; and

Whereas the need is strikingly shown by the enrollment of over 11,000 students at Los Angeles Trade-Technical Junior College which is an increase of 15 percent over last year; and

Whereas a number of the programs at the school are on three shifts a day, there are 2,500 applicants on the waiting lists: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California (jointly), That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to enact legislation designed to further area vocational education as contained in the Smith-Hughes Act; and be it further

Resolved, That the Chief Clerk of the Assembly be hereby directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.

RECIPROCAL TRADE AGREEMENTS ACT

(Mrs. GREEN of Oregon (at the request of Mr. McCORMACK) was granted permission to extend her remarks at this point in the RECORD.)

Mrs. GREEN of Oregon. Mr. Speaker, during the last few years the world has watched the destruction of many barriers—barriers of distance, of class, of communication. Many of these barriers have been broken down through the efforts of American scientists, statesmen, and writers. With the initial enactment of the Trade Agreements Act, another restricting barrier was lowered. The President's proposed 5-year extension of this act is a necessary move in keeping the barrier lowered. This will aid economic development both in this country and abroad by stimulating trade and capital investment.

In light of these feelings about the extension of the Reciprocal Trade Act,

under unanimous consent, I include in the RECORD the summary of a report prepared by the Commerce Department dealing with the affect of international trade on the State of Oregon; and further to insert certain letters which I have received from constituents in the Third Congressional District of Oregon, urging my support for the 5-year extension of the Trade Agreements Act. May I add I have been pleased that the vast majority of the letters I have received on this subject have strongly favored this necessary extension which would liberalize our trade policy with other nations.

The summary and letters follow:

SUMMARY

The evidence shows that foreign trade contributes very greatly to the welfare of the people of the State of Oregon. They prosper as trade expands and are hurt as trade contracts.

They participate in the benefits of United States exports to foreign countries. Approximately 98,000 Oregon employees—about 72 percent of all persons engaged in manufacturing in the State and over 16 percent of all persons employed in the State—are in firms falling in three major manufacturing classifications: lumber and wood products, food and kindred products, and machinery (except electrical). Oregon's proportionate share in United States exports of these three industry groups amounted to approximately \$34 million in 1956.

This is only part of the picture. Oregon establishments in each of these industry groups sell directly in foreign trade; many of their products are known and prized abroad so that the value to them of export markets is direct and great. Many others produce commodities which are on a national export basis and, therefore, they participate indirectly in international trade.

In addition, there is the share in exports in factories not included in the three manufacturing classifications having a \$34-million share. They are manufacturers of paper products, transportation equipment, textile-mill products, and primary metal industries—many of whom also have direct export interests.

According to the Department of Agriculture, approximately 110,000 persons in Oregon work on farms, and their need for supporting services creates employment for thousands more. Each of these persons is concerned directly with our annual exports of some \$4 billion worth of American farm products each year. Their proportionate share of these exports in the 1956-57 marketing this year was approximately \$46.5 million, of which \$28.4 million was attributable to wheat.

About 275,000 persons in Oregon are in such industries as construction, public utilities, trade, banking, real estate, insurance, and public administration. Their participation in the benefits of exports derives mainly from the fact that they sell their products or services to the firms producing the movable goods that enter international trade. In addition, they derive an extra benefit to the extent that they handle international economic transactions which pass through the State; telephone traffic, railway traffic, port facilities, financing, and the like.

The people of Oregon also benefit substantially from United States imports. The importance of imported commodities to the industries of the State is great.

Imported flavorings, extracts, and other food products, imported minerals and other raw materials, and imported commodities of a finished and semifinished nature, enable Oregon manufacturers to produce better

products at a lower cost and Oregon residents to enjoy better living than might otherwise be obtained. While some segments of Oregon's industry may consider themselves affected adversely by import competition, the net effect of imports on Oregon's economy is overwhelmingly favorable.

PORTLAND, OREG., May 13, 1958.

The Honorable EDITH GREEN,
House of Representatives,
Washington, D. C.

DEAR MADAM: There must be no increase in tariff rates.

To increase tariff would prevent our friends from paying their debts, and from trading with us. Thus they would be forced to seek help from the Soviet bloc in order to survive.

The so-called "protection" that would benefit certain sections in industry and labor would be only temporary. High tariff was the immediate cause of the major depression on 1929. Even a small increase in tariff now would mean the death of the free world.

Tariff rates must not be increased.

I have the honor to remain,

Yours very truly,

GERALDYN W. DANA,
EDWIN M. DANA.

EUGENE, OREG., April 27, 1958.

Mrs. EDITH GREEN,
Representative from Oregon,

DEAR MRS. GREEN: We follow your record in Congress and nearly always approve your position as to legislation being considered. We think you might appreciate our thinking as to some very important matters now pending.

Although we are Independents—though usually voting Democratic in the main—we strongly favor extension of the Reciprocal Trade Pact as urged by the administration, and think a long-term extension would make for stability of international trade, hence our own prosperity and security. Since we have become such a heavily exporting Nation, and full employment so dependent upon international trade, we surely would be making a serious mistake to raise our tariff barriers for the sake of the minor segments of our economy clamoring for preferential treatment. Let's encourage the widest possible trade area, even as our own national well-being has risen largely because of no interstate trade barriers. And it encourages international friendship, doesn't it?

Along the same line, we believe in strengthening NATO, the U. N. and all other steps tending to modify rigid "national sovereignty". We need the friendly cooperative atmosphere one world spirit striven for by practical christianity. Let's work for a practical and honest "mutual security."

Very sincerely yours,

ALLEN T. OSBORNE,
JESSIE M. OSBORNE.

PORTLAND, OREG., April 28, 1958.

The Honorable Mrs. EDITH GREEN,
House Office Building,
Washington, D. C.

DEAR MRS. GREEN: Since it is so urgent that H. R. 10368, the bill on reciprocal trade, be passed, I am writing to let you know that you have our support when voting in its favor.

Our economy would have been in a more precarious position had it not been for our foreign trade. I quote from the National Voter of the League of Women Voters, "1957, sales to foreign countries were nearly 42 percent of total sales. In the last quarter of 1957, 'when a rapid business decline had set in, foreign business exceeded 50 percent of the total. Whereas domestic United States sales fell 13 percent for 1957 as a whole, foreign business increased 9 percent.' "

Thank you for your attention to this important bill.

Sincerely,

PEARL GEVURTZ.

THE LEAGUE OF WOMEN

VOTERS OF OREGON,

Eugene, Oreg., February 17, 1958.

Hon. EDITH GREEN,
House Office Building,
Washington, D. C.

DEAR MRS. GREEN: Knowing that you possess an overall picture of world trade, we are sharing with you our concern that the President's request for effective trade legislation be met. To some, the urgency of military power and space conquest overshadow a sound trade policy. The challenge, however, is equally great in the economic sphere if we are to assist in the development of independent and friendly countries. Even more so, the necessary expansion of our economy will depend on such legislation.

May we ask you to give us a statement expressing your support of the renewal of the Trade Agreements Act which expires on June 30, 1958? We also are concerned that the United States be authorized by the Congress to join the organization for trade cooperation.

Throughout the country, the League of Women Voters is engaged in soliciting such statements from enlightened community leaders as part of our campaign.

Thank you so much.

CHARLOTTE LEVY

Mrs. Alexander Levy,

State Chairman, International Relations.

CONGREGATIONAL CONFERENCE

OF OREGON,

Portland, Oreg., April 7, 1958.

Mrs. EDITH GREEN,
Old House Office Building,
Washington, D. C.

DEAR MRS. GREEN: Let me write you regarding several matters in which I have particular interest:

1. Reciprocal trade: I hope very much you will support the President in voting for continuation of our reciprocal trade agreements. It is essential for the peace of the world that the trade channels remain open. I can think of no quicker way, for instance, to drive Japan into the hands of the Communists than to cut down on our trade with that country. The same applies to tariffs. It is true that some groups in our country may be hurt by the absence of tariffs but all of our country will be more greatly injured if Japan moves into the Communist camp.

* * * * *

Sincerely yours,

PAUL A. DAVIES.

COLLINS PINE CO.,

Portland, Oreg., April 16, 1958.

The Honorable EDITH GREEN,
House of Representatives,
Washington, D. C.

DEAR MRS. GREEN: I am writing you with respect to the national trade policy and the current controversy in Congress over liberalizing of trade barriers.

I think that our country is rapidly approaching a point where we can use to the fullest extent resources and products that other nations have to offer, at a general overall benefit to our population as a whole. It undoubtedly will make it difficult, for this industry, or that, but our American economy has certainly demonstrated in the past that it is sufficiently flexible to adjust rather rapidly to situations of this kind that may arise.

I am sorry to note from time to time that many businessmen are wholeheartedly in

favor of lowering tariff barriers as long as they are not lowered in their particular industry. As a lumberman, I think I am honest in saying that I would be perfectly willing to see what limited barriers there are, in our industry, entirely eliminated. It would make us scratch a little harder, but it would also make available important resources from other countries to our people at slightly lower prices—to say nothing of the more friendly relations it would create with other nations.

Any lessening of trade barriers can do nothing but strengthen the West in its intense competition with the Communist bloc. I fervently hope that you will favor easing of trade barriers.

Respectfully yours,

TRUMAN W. COLLINS,
President.

THE LEAGUE OF WOMEN VOTERS
OF CORVALLIS,
Corvallis, Oreg., April 1, 1958.

The Honorable EDITH GREEN,
United States House Office Building,
Washington, D. C.

DEAR MRS. GREEN: Members of the Corvallis League of Women Voters are anxious for your support on renewal of the Trade Agreements Act which expires in June.

League members have conducted a special study program on this issue through research sessions, unit meetings, a public forum, and items in the local newspaper. Members urge support of the Trade Agreements Act renewal with the following provisions:

1. Extension of the act for 5 or more years.
2. Retention in the executive branch of final decisions on escape-clause findings.
3. A narrowing rather than a broadening of the escape clause.
4. Support of GATT and the OTC.

The United States exported \$20 billion in 1957 while imports were approximately \$12 billion. We must import goods for some of our major food products, and many industrial goods require raw materials from other countries.

On the export side, foreign markets are necessary to the output of nearly 20 million acres of farmland. Industrial exports run as high as one-third to one-fifth civilian aircraft, railroad cars, and construction and mining equipment industries.

Realizing that 4½ million workers, or 7 percent of our labor force, owe their jobs directly to foreign trade, we can see how vital trading is to the United States economy.

Support for renewal of the Trade Agreements Act is vital for all nations of the free world. The danger now is not only in outer space but also in the growing and shifting economies of the world. The United States must be ready with plans of action if we are to maintain a favorable climate for free world trade.

Sincerely yours,

MARTHA I. WOLFE
Mrs. John W. Wolfe,
President.

COMMISSION OF PUBLIC DOCKS,
Portland, Oreg., March 5, 1958.
The Honorable EDITH GREEN,
Old House Office Building,
Washington, D. C.

DEAR MRS. GREEN: On March 4 this body adopted a resolution supporting a 5-year renewal of the Trade Agreements Act, which is due to expire on June 30, 1958. An appropriate number of copies of this resolution have been forwarded to Chairman MILLS of the House Ways and Means Committee with the request that our position be considered by his Committee and further that our resolution be made a part of the record of the hearings on this bill (H. R. 10368).

For your information, we are enclosing a copy of the subject resolution and sincerely

hope you will feel justified in supporting a renewal of the Reciprocal Trade Agreements program when the matter comes up on the floor for discussion.

Sincerely yours,

R. F. WATTS,
Assistant General Manager.

RESOLUTION ADOPTED BY THE COMMISSION OF PUBLIC DOCKS OF THE CITY OF PORTLAND, OREG., ON MARCH 4, 1958

Whereas the reciprocal trade agreements program, originally enacted into law in 1934, will expire on June 30, 1958; and

Whereas the program initiated by this law has in the past 25 years, through reciprocal tariff reductions, greatly expanded the exchange of goods on a worldwide basis; and

Whereas this expansion of world trade has contributed materially to the prosperity of all nations of the world; and

Whereas by strengthening the economy of the United States and those friendly nations trading with the United States international commerce has been vital to our national security and world peace; and

Whereas under this law United States foreign commerce has grown to over \$30 billion annually and provided employment for over 6 million Americans; and

Whereas the volume of import and export cargo through the port of Portland has grown to approximately 4 million tons annually; and

Whereas the citizens of Portland, recognizing the value of foreign commerce to the welfare of the community, have invested over \$30 million in marine terminal facilities to efficiently handle waterborne commerce; and

Whereas the Commission of Public Docks of the city of Portland, Oreg., is a municipal corporation charged, among other things, with the development of trade through the port of Portland: be it, therefore

Resolved, That the Commission of Public Docks of the city of Portland, Oreg., hereby requests Congress to authorize a 5-year renewal of the Reciprocal Trade Agreements program beyond June 30, 1958, as proposed in H. R. 10368, thus continuing the President's authority to make suitable adjustments in rates of duties for the purpose of insuring further expansion of world trade.

MEDFORD, OREG., May 26, 1958.
The Honorable MRS. EDITH GREEN,
Old Office Building, Washington, D. C.

DEAR MRS. GREEN: I urge you to put your heart and mind behind passing the reciprocal trade-agreement legislation. Freer-trade benefits consumers at home, and consumers abroad; the competition makes businesses more efficient by weeding out the starkly selfish and rigid-minded businessman and producer.

I agree with Acheson that in order to buy from us foreign countries must first sell us something in order to earn dollars. Those dollars then purchase our superior products. In fact, if we buy more, they buy more, and their needs are almost endless when first becoming industrialized and when their aspirations for a full life have been aroused. Their aspirations will not be denied; they will turn to the Sterling bloc or Russia. Then we will be left holding our great bag of dollars, our reserves, having forgotten how a creditor nation acts. Reciprocal trade and a great switch from military aid to development loans through U. N. agencies to all underdeveloped countries in the long run must help peace and prosperity for all. We can't go back to protectionism. It is rumored here that Democrats are turning to protectionism. How can the fearful of heart be helped to see the social needs and challenges of this period?

Very sincerely yours,

MARIE M. BOSWORTH.

NEED FOR PRESIDENTIAL ACTION NOW TO PREVENT AIR COLLISIONS

(Mr. McCORMACK asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. McCORMACK. Mr. Speaker, the public is alarmed and angered about the frequent and needless loss of life and property occasioned by air collisions. Everyone who has even been remotely interested in this matter for the past several years has been aware of the fact that we have been approaching the disaster state at an alarming speed.

Study after study has been made and layers of coordinating devices have been set up in an effort to control the situation. However, efforts to date have been ineffective as recent events show. It is another case of too little, too late.

On January 24, 1956, almost 2½ years ago—CONGRESSIONAL RECORD, page 1035—I addressed the House after a near collision of two giant airplanes over the city of Cleveland airport. I stated in part:

It is becoming well known that our control and protective system has not kept up with the accelerated development of the air industry which has become enormous and will become increasingly dangerous with the full advent of jet machines. Split seconds may mean the saving or snuffing out of hundreds of lives. It is said that several collisions per day are narrowly averted at our busy and overcrowded airports.

I also mentioned that experts in the field had indicated that the giant and multi-billion-dollar SAGE detection system had the capacity to serve both the military and civilian air traffic.

One year later, on February 14, 1957—CONGRESSIONAL RECORD, page A-1013—I again addressed the House and referred to the fact that a number of preventable air tragedies had occurred during the past year despite the fact that numerous study groups and individuals had forecast them.

I understand from the recent comments of the Secretary of Commerce that a civilian air traffic setup may be installed during the next few years also at a multi-billion dollar cost. Are both needed or are we ducking a tough problem?

Obviously there must be unified control if both civilian and military planes are flying in the same areas at the same time. A knotty problem involved is—should all air traffic be under civilian or military control? While that question is being settled by the Congress through appropriate legislation it seems to me that the President must take such steps as are necessary to protect life and property. He is the Chief Executive and has authority over all military and civilian aviation agencies.

There seems to be a difference of opinion as to whether actions taken since the latest air strategy at Brunswick, Md., are adequate to prevent future disasters.

I urge that the President not be hesitant in exerting his authority over military aviation particularly until the most modern safety devices can be developed and installed for the protection of all who use our airways.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 14, 1958
For actions of June 10, 1958
85th-2d, No. 93

CONTENTS

Appropriations.....7	Flood control.....15	REA.....18
Area development.....25	Foreign aid.....12	Reclamation.....2
Budget.....19	Foreign trade.....1,13,23	Roads.....22
Buildings.....3	Forest Service.....6	Saline water.....8
Credit union.....28	Housing.....29	Seed.....27
Dairy industry.....11,21	Legislative program.....16	Small business.....20
Economic situation.....14	Lobbying.....5	Soil bank.....9
Electrification.....18	Minerals.....30	Supergrades.....7
Farm loans.....27	Newsprint.....4	Surplus food.....26
Farm prices.....21	Personnel.....7,10	Textiles.....24
Farm program.....19	Price support.....21	Water resources.....17

HIGHLIGHTS: Senate passed Commerce appropriation bill. Sen. Jackson criticized forest resource development policies. House debated trade agreements bill.

HOUSE

1. FOREIGN TRADE. Continued debate on H. R. 12591, to extend the authority of the President to enter into trade agreements. (pp. 9588-9677) Rep. Simpson, Pa., discussed agricultural export policies and inserted statements from a publication of this Department, "Competitive Position of United States Farm Products Abroad - 1958," which he contended "clearly shows that other countries have protected their domestic agricultural producers through quantitative controls and other restrictions." (pp. 9611-15)

Received from the Commerce Department a proposed bill "to amend title 13 of the United States Code to provide for the collection and publication of foreign commerce and trade statistics"; to Post Office and Civil Service Committee.
p. 9689

2. RECLAMATION. A subcommittee of the Interior and Insular Affairs Committee ordered reported H. R. 6035, to authorize the construction of the San Luis unit of the Central Valley project, Calif. An amended and clean bill is to be introduced. p. D522

3. BUILDINGS. The Public Works Committee ordered reported S. 2108, to authorize GSA to name, rename, or otherwise designate any building under its custody. p. D522
4. NEWSPRINT. Received from the Interstate and Foreign Commerce Committee a report pertaining to the newsprint outlook (H, Rept. 1868). p. 9689
5. LOBBYING. Rep. Patman discussed lobbying activities in Washington, and urged additional assistants for Congressmen "to help watch out for the public interest." p. 9688

SENATE

6. FOREST SERVICE. Passed without amendment H. R. 7953, to facilitate and simplify the work of the Forest Service. This bill will now be sent to the President. pp. 9567-8

The bill provides: An increased limitation (\$2,500 instead of \$50) to pay for damages to equipment rented by verbal agreement; authority for contracts with private parties to care for fire-emergency pack stock; reimbursement to employees for casualty damages to personal effects stored while employees were on FS work; authority for payments to transfer employee automobiles in Alaska; authority to pay for notification of family illness and transportation to public transportation facilities for employees in isolated locations; permission to transfer fire lookout towers and fire control improvements to the States; broadened authority to pay for official-use telephones in private residences; authority to use moneys received from fines, forfeitures, and judgments to carry out work made necessary by actions leading to the fines, etc.; permission for payment of costs of publishing technical articles in scientific publications; and an increase (from \$25,000 to \$50,000) in the amount available for the purchase of administrative sites each year.

Sen. Jackson criticized certain forest resource policies which he stated the Administration was following, including an inadequate program for timber access roads and Operation Outdoors and a reduced tree planting program. He inserted a letter from Assistant Secretary Peterson on the forestry program and a reply from himself and Sen. Magnuson urging increased timber access road funds for the Pacific Northwest. pp. 9569-71

7. APPROPRIATIONS. Passed with amendments H. R. 12540, the Commerce Department appropriation bill for 1959. (pp. 9550, 9579-84) Sens. Carlson and Neuberger criticized the action of the Committee in including an additional 10 super-grade positions for the Civil Aeronautics Administration, and stated that they would oppose any use of this as a precedent for other agencies to bypass the Post Office and Civil Service Committee (pp. 9583-4). Conferees were appointed.

The Appropriations Committee reported with amendments H.J. Res. 624, making appropriations for civil works administered by the Army, Interior, and TVA for 1959 (S. Rept. 1685). pp. 9529, 9569

The Subcommittee ordered reported to the Appropriations Committee with amendments H. R. 11645, the Labor-Health, Education, and Welfare Departments appropriation bill for 1959. p. D520

8. SALINE WATER. Passed as reported S. J. Res. 135, to provide for the construction and operation by the Interior Department of a demonstration plant for the conversion of sea or other saline waters into water fit for consumptive uses. pp. 9573-9

House of Representatives

TUESDAY, JUNE 10, 1958

The House met at 12 o'clock noon. The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Galatians 6: 10: *As we have therefore opportunity, let us do good unto all men.*

Almighty God, we are coming unto Thee in this moment of sacred communication, recognizing our divine and human relationships and our dependence upon Thee and upon one another.

We thank Thee for the many opportunities which Thou art daily giving unto us to be coworkers with Thee in building a better world.

Help us to be faithful partners in this divine ministry and may we have a deeper understanding of human brotherhood.

Grant that in the hours of each new day we may resolve and seek to do something that will make life less difficult for suffering and struggling humanity.

Hear us, in the name of our beloved Lord, who went about doing good. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 11451. An act to authorize the construction and sale by the Federal Maritime Board of a superliner passenger vessel equivalent to the steamship *United States*, and a superliner passenger vessel for operation in the Pacific Ocean, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 10589. An act making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1959, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. HILL, Mr. ELLENDER, Mr. ROBERTSON, Mr. DIRKSEN, Mr. SALTONSTALL, and Mr. MUNDT to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is

requested, a bill of the House of the following title:

H. R. 11574. An act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1959, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. HILL, Mr. ELLENDER, Mr. ROBERTSON, Mr. RUSSELL, Mr. McCLELLAN, Mr. DIRKSEN, Mr. SALTONSTALL, Mr. MUNDT, Mr. POTTER, and Mr. YOUNG to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2419. An act to amend the District of Columbia Unemployment Compensation Act, and for other purposes;

S. 2617. An act to amend the Migratory Bird Hunting Stamp Act of March 16, 1934, as amended;

S. 3058. An act to amend the act regulating the bringing of actions for damages against the District of Columbia, approved February 28, 1933, and

S. 3651. An act to make equity capital and long-term credit more readily available for small-business concerns, and for other purposes.

MENOMINEE TRIBE OF INDIANS

Mr. HALEY submitted the following conference report and statement on the bill (H. R. 6322) to provide that the dates for submission of plan for future control of property and transfer of the property of the Menominee Tribe shall be delayed:

CONFERENCE REPORT (REPT. No. 1866)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6322) to provide that the dates for submission of plan for future control of property and transfer of the trust property of the Menominee Tribe shall be delayed, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with a further amendment as follows:

On page 2, line 2, strike out "December 31, 1958," and insert in lieu thereof "February 1, 1959."

On page 2, line 10, strike out "there is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, an amount equal to one-half of such expenditures from tribal funds, or the sum of \$275,000, whichever is the lesser amount," and insert in lieu thereof "there is hereby authorized to be appropriated out of any money in the Treasury not otherwise

appropriated, an amount equal to all of such expenditures incurred prior to the date this sentence becomes effective, plus one-half of such expenditures incurred thereafter, or the sum of \$275,000, whichever is the lesser amount."

On page 2, line 17, strike out "December 31, 1958," and insert in lieu thereof "February 1, 1959."

On page 3, lines 10 and 11, strike out "December 31, 1958," and insert in lieu thereof "February 1, 1959."

And the Senate agree to the same.

JAMES A. HALEY,
CLAIR ENGLE,
WAYNE N. ASPINALL,
A. L. MILLER,
E. Y. BERRY,

Managers on the Part of the House.

RICHARD L. NEUBERGER,
FRANK CHURCH,
ARTHUR V. WATKINS,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6322) to provide that the dates for submission of a plan for future control of property of the Menominee Tribe shall be delayed, submit the following statement in explanation of the effect of the language agreed upon and recommended in the accompanying conference report:

The language agreed upon by the conference committee and recommended for favorable action by the House is identical to that contained in H. R. 6322, as amended in the Senate, with three exceptions.

H. R. 6322, as reported by the Senate, provided that the tribe, with assistance from management specialists, tax consultants and others, would prepare and complete reports on the Menominee resources and industrial programs to be pursued following the termination of Federal supervision not later than December 31, 1958. The conferees agreed to extend this submission date to February 1, 1959. H. R. 6322, as reported by the Senate, also provided that said reports would be submitted to the Secretary of the Interior as soon as possible and in no event later than December 31, 1958. The conferees extended the submission date of this report to February 1, 1959.

H. R. 6322, as reported by the House, provided that on June 30, 1961, the responsibility of the United States to furnish supervision and services to the tribe would cease. In this respect the House conferees concurred to the Senate conferees and accepted December 31, 1960, as the date for final termination of Federal services.

Finally the conferees arrived at a compromise in respect to the reimbursement to the tribe for expenses incurred in carrying out the provisions of the Menominee Termination Act of June 17, 1954. Under the language recommended by the conferees appropriation of a sum sufficient to pay all expenditures for the termination program from 1954 until the act becomes effective will be authorized. An appropriation will also be authorized to reimburse the Menominees in the amount of \$275,000 or one-half of any expenditures made after the date of the act

and before December 31, 1960, whichever is less.

The conferees strongly urge that all agencies and individuals concerned with the Menominee termination program recognize the importance of fulfilling their obligations as expeditiously as possible. They would look with disfavor on further requests to delay the implementation of the Menominee Termination Act of June 17, 1954.

JAMES A. HALEY,
CLAIR ENGLE,
WAYNE N. ASPINALL,
A. L. MILLER,
E. Y. BERRY,

Managers on the Part of the House.

CORRECTION OF ROLL CALL

Mr. ROGERS of Colorado. Mr. Speaker, on roll call No. 90 I am recorded as being absent. I was present and answered to my name. I ask unanimous consent that the permanent RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

EXTENSION OF TRADE AGREEMENTS

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 12591, with Mr. BOLLING in the chair.

The Clerk read the title of the bill.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. HERLONG].

(Mr. HERLONG asked and was given permission to revise and extend his remarks.)

Mr. ALLEN of California. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Sixty-eight Members are present; not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 91]

Ashmore	Dorn, N. Y.	McMillan
Auchincloss	Dorn, S. C.	Marshall
Avery	Durham	Metcalfe
Barrett	Garmatz	Morris
Berry	Granahan	Powell
Blitch	Gregory	Preston
Breeding	Griffiths	Radwan
Brownson	Gwinn	Riley
Buckley	Hale	Rivers
Cannon	Hays, Ohio	Robeson, Va.
Chipperfield	Healey	Sadiak
Christopher	Hemphill	Shelley
Clark	Hollifield	Shuford
Coffin	Jenkins	Sieminski
Coudert	Kearney	Taylor
Dawson, Ill.	Lafore	Vursell
Dies	Landrum	Wharton
Diggs	Loser	Willis

Accordingly the Committee rose; and the Speaker having resumed the chair,

Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 12951, and finding itself without a quorum, he had directed the roll to be called, when 370 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Florida [Mr. HERLONG] is recognized for 10 minutes.

Mr. HERLONG. Mr. Chairman, I rise in support of the committee bill—and I do so firm in the belief that not one single legitimate American industry is expendable. I can do this because I am convinced that there are ample safeguards in the committee bill to protect our industries against serious danger from imports. Certainly there is more protection in it than in the bill that passed the House 3 years ago. The trouble is that while competition is what has made American business and industry great, there are always certain segments who would prefer to operate without any competition—and the moment they see the possibility of some on the horizon they start crying “wolf.” They want the Government to step in and help them rather than attempt to meet the challenge head on. The best proof that there is no wolf is that some of those who are crying loudest for relief and want to change the present law have never even been able to make a case before the Tariff Commission. What good would it do those people if the recommendations of the Tariff Commission were in effect final?

I would not for one instant contend that no segment of any American industry had ever been hurt by imports. Some have and some relief has been granted but the Tariff Commission and the President does not have to act every time some American business wants a cushion put around it. Sometimes there are overriding considerations and we have to look at the whole picture.

If the cry of wolf comes to our Government from an American industry and there is a wolf, I submit there is enough protection in the committee bill to drive him away. There is not enough protection in the committee bill, however, to build a wall around the United States—be it a tariff wall or otherwise. If such a wall were built it is true that no one could get in—but it is equally true that we could not get out. And we have to get out or we die. It is just that important. I am speaking to you now as one who has a record of being conservative in legislative matters—and believe me I know of no greater opportunity we have had in the time I have been here for us to conserve the free enterprise system than by continuing with the principles of reciprocal trade.

I have heard the constitutional arguments that have been made—that only Congress can lay and collect taxes—and that therefore we have no constitutional right to delegate this authority to the Tariff Commission and to the President. But does the substitute bill correct that when it delegates final authority in such

matters to an appointive Tariff Commission? I do not presume to advise the opposition. I do wonder if they have given thought to the fact that there is absolutely no guaranty that the future personnel makeup of the Tariff Commission will remain as it is now. Where would they be if the substitute were adopted giving the Tariff Commission final authority, if when changes were made in the personnel of the Commission, it suddenly found itself made up of extremely liberal free traders?

Another word on the constitutional angle—believe me there is more to this business of reciprocal trade than levying and collecting of taxes, customs, duties, etc. When the Congress acts in the field of tariffs and, more important, when the Tariff Commission, a non-elected administrative body, acts in the field of tariffs there are inevitable and direct consequences of any such action for the foreign relations of the United States. Yet those same people who protest on constitutional grounds, our delegating the authority to lay and collect duties would, by the substitute bill, completely bypass the President in the foreign relations field—and my friends, if we are concerned with constitutionality, and we are, the Constitution of the United States reserves to the President the conduct of our foreign relations. It is absolutely essential therefore to my mind that the President continue to have the responsibility and authority to approve or disapprove Tariff Commission recommendations if we are to abide by the Constitution. The burden of responsibility should be put on the Congress to override the President in such instances, after having been made aware of all the implications of such an act. The provision of the committee bill is consistent with this constitutional principle.

Mr. Chairman, the decision we shall make on this bill is one of extreme importance. We hear a lot of complaint about money spent on foreign aid. If you fail to pass the committee bill after having already passed the foreign-aid bill you are saying in effect to your constituents that you would rather give money to the other nations of the world than you would trade with them. It is just that simple—because brother, you have not seen nothing in requests for foreign aid to what you will see if we do not continue our trade program. It has been said that the substitute bill continues the trade program—but that is not the way I read it. Under the guise of extending the reciprocal trade program, the substitute bill provides for a gradual destruction of that program and a return to restrictions on trade that would be more burdensome than those enacted in the Smoot-Hawley Tariff Act of 1930.

The committee bill on the other hand would continue the program in an honest way and in an effective manner. It would at one and the same time provide for expansion of foreign trade while providing effective remedies for domestic industries against serious injuries from import competition—when such serious injury has been definitely established to exist.

I am sure that if you give serious thought to everything that is involved in

this issue, you will support the committee bill and reject the substitute.

(Mr. FORAND asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FORAND. Mr. Chairman, the bill now before us, H. R. 12591, is as important to world peace as it is controversial.

This was made very clear during the public hearings on the bill and during its consideration in the executive sessions of our committee.

I want to pause at this time to pay tribute to our distinguished chairman, the gentleman from Arkansas [Mr. MILLS] for the able and efficient manner in which he directed the very careful and comprehensive study of the existing Reciprocal Trade Agreements Act, which this bill will extend, as well as the changes in the law that will result from the adoption of the amendments contained in H. R. 12591.

He was at all times very patient with, and courteous to, every member of the committee, the witnesses and members of the staff. He insisted on a thorough discussion of each amendment proposed and encouraged every effort made to perfect a bill that had a chance of being enacted into law. I am not fully satisfied with H. R. 12591 but I am supporting it because I feel that with world conditions such as they are today we cannot afford to permit this law to expire.

Failure on our part to extend the life of the Reciprocal Trade Agreements Act would be tantamount to telling our friends in the free world that we no longer care what happens to other countries and we have decided to go it alone.

Such a move would not only result in the severe crippling of our great export trade, which would affect the jobs of some 3 or 4 million American workers, but it might well result in other countries raising barriers that would prevent us from securing the many strategic items which we must import to assure our National security.

I am one of those who believe in the basic principles of the Reciprocal Trade Agreements Act.

This program was intended to provide for the expansion of international trade conducted by free private enterprises, but it did not contemplate that domestic industries, important to the economies of particular sectors of the country, should be subjected to severe distress and sharp curtailment from unrestricted import competition. My own State of Rhode Island is one of the areas of the country whose industries are particularly vulnerable to import competition, such as lace, textiles, jewelry, rubber footwear, and so forth.

I share the deep concern of the people whose livelihood depends on these industries of my State, where 51,000 workers today are out of jobs, and for the people of other areas that are in similar situation.

I have been critical for a number of years of the way the program has been administered. I am satisfied in my own mind that the United States representatives who have to do with the administration of the program have, on many occasions, disregarded the intent of the

Congress or have shown utter ignorance of it.

To me, the word "reciprocal" in the title of the act means reciprocity and not diplomatic giveaways.

From the time this law was enacted, escape clause and quota provisions were implicit in the trade-agreements legislation, and since 1951, these provisions are explicitly stated in the law.

Yet, while the administration has repeatedly declared its fidelity to the policy represented by the peril point and escape clause provisions, it has avoided its implementation.

It is for that reason that I offered the amendment to strengthen the escape clause provision. This amendment provides that if, after an investigation, the Tariff Commission finds that an industry is threatened or has been injured by imports and recommends that escape-clause action should be taken, the President fails to act favorably on the recommendation, he would have to advise Congress as to why he did not accept the recommendations of the Commission.

Any Member of Congress would then be free to introduce a resolution putting the recommendations into effect and if within 60 days the Committee on Ways and Means did not report the resolution the Member could, under the privilege status of the resolution, call it up for a vote.

With a two-thirds vote of the Members present in the House and the Senate voting in favor of the resolution the recommendations of the Tariff Commission would be put into effect.

Some of us felt that a majority vote should be sufficient but the Department of Justice questioned the constitutionality of such a vote and for that reason we adopted the two-thirds rule.

The record shows that the administration has, in many instances, disregarded the hardships of many groups of workers resulting from increased import competition.

The Tariff Commission Report, dated May 1958, shows that of 30 escape clause actions it recommended to the President, the President declined to follow the Commission's recommendations in 17 cases, deferred action on 2 cases and had not yet acted on 1 case. That is the official record, ladies and gentlemen.

I am particularly concerned about groups of workers and sectors of the economy that are dependent upon manufacturing industries which do not have the advantages of the mass production techniques that make some American industries largely immune from foreign competition.

In the light of the attitude of the administration toward the industries above referred to I note with some bewilderment the development of its programs for oil and certain other minerals. Here the administration seems to be leaning toward programs of price support, either by flexible tariffs or other import controls or subsidies.

And, in connection with the oil program, I should like to call attention to the fact that in the executive sessions of our committee officials concerned with the administration of the so-called vol-

untary oil import program said that that program was not one of price control. I believe this is the case, but nevertheless, the import controls seem to me to be closely related to the price-controlling measures which the big oil companies and the controls of production of some of the States also tie into. I do not see anything in the explanation of the voluntary import control program to indicate why the maintenance of these prices is essential to the national security. It is for this reason that I welcome the amendment of the national security provisions contained in the bill. Particularly do I welcome the requirement of an accounting by the administration which would explain the relation of the programs to national security considerations.

I have cited only a few of the reasons why I feel it is necessary that this bill, although far from what I should like it to be, should be enacted into law. Despite its shortcomings I shall support it because of the present world situation and I ask you, my colleagues, to do likewise.

Mr. MILLS. Mr. Chairman, I ask unanimous consent that all Members desiring to do so may extend their remarks at this point in the RECORD on the issue now being debated.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. BROWN of Missouri. Mr. Chairman, I think any fairminded person who wants to see the Creator's children living at peace with one another recognizes the importance of trade among the peoples of the world. It is the No. 1 way by which individuals of different customs and mores learn to understand each other, acquire mutual interests and interdependence that leads to peace.

Surely, all of us look forward to the day, albeit scores or a century distant, when businessmen, workmen, and farmers around the world will attain a parity in standards of living that will enable goods to flow from one end of the world to another in free, unbridled competition. Certainly, it is everybody's dream that someday we can worry no more with tariffs, quotas, and manmade barriers that complicate or obstruct the flow of trade.

The road to realization of that dream is a slow evolutionary process that cannot be forced or rushed. We can only proceed toward the goal methodically and wisely.

The best mechanism yet devised, in my opinion, to proceed methodically and in an orderly manner toward freer trade is the reciprocal trade program. It is the means by which we can, a step at a time, make improvements here and there in the trade obstructions that, by force of necessity, have been built by peoples through the centuries to protect themselves against unfair foreign competition.

The reciprocal trade program was not intended as a trade revolution. It is evolutionary in every respect.

The reciprocal trade program was not intended as an excuse or a device for harming American industry and agriculture. It was intended as a means of

helping American industry and agriculture.

But in a government of laws and men, the best of programs are occasionally abused by men—mortals subject to mortal error. And, in my opinion, some of the men who have advised Government officials and some of the officials themselves have played fast and loose with the reciprocal trade program in recent years and have dealt it almost irreparable damage.

Some policymakers, utterly sincere, have compromised with expediency on occasions and have used the reciprocal trade program as a quick means of placating a complaint or of demonstrating concern for a certain international situation. In plain terms, it appears that some of our foreign policymakers sometimes substitute a temporary trade deal for hard bargaining and diplomacy.

A case in point has been the excessive importation of pork and beef when American livestock prices were at bankrupting levels. I thought then, and I think now, that somebody sold out the American farmer for expediency. Excessive imports of pork from Communist Poland are not a sound application of reciprocal trade that can last or grow. Somebody made a mistake; and it has not yet been corrected. This sort of thing can only hurt, not help, the cause of freer trade among nations. Administrative officials should—and must—be more sensible and weigh all effects of decisions of this kind and not too eager to placate temporarily a discontented nation or to curry favor with a foe at the expense of some of our own people.

And Government officials are not the only ones who have stretched and strained the reciprocal trade program to the point of abuse.

In the postwar era, many of our American business leaders have expanded foreign operations to a point where they are constantly beseeching our Government to let them sell more and more of their foreign production in the continental United States, to "help the poor people of such-and-such a country who are leaning toward communism."

When these companies built these plants in foreign lands, most of them did so with the intent of selling their output in that foreign area or some other foreign area.

But, being human, when they see how profitable it is to produce commodities with 7-cent-an-hour labor, with American executives living in accommodations built with American foreign-aid money, they quite naturally lick their chops at the thought of selling just a little bit of their foreign output in the fabulous American market.

The little bit becomes more and more, and first thing you know—thousands of Americans are out of work because American producers got too greedy and sold too much of their foreign production on the domestic market at the expense of their American operations.

Excessive imports of lead and zinc are currently ruining the American lead and zinc industry. Domestic oil producers have been hurt by excessive imports. American cotton mills have been hurt by

excessive imports. The glass industry has been hurt, too.

All this started innocuously enough—just a little change in policy here and another one there, supported by loud clamors and plausible reasons.

But a temporary expedient can often become a permanent headache.

We have had too many trade troubles in recent years, and, in my opinion, most of them could have been avoided.

The lead and zinc problem is an excellent example. Seventy-four percent of the domestic market has been taken over by imports. That is too much. The officials who let these imports get so far out of hand now are confronted with a man-sized problem: If they let imports continue at this excessive rate, we have unemployed American miners by the thousands. If imports are placed under quota and rolled back to more sensible levels, Mexico and Peru and Canada raise a howl about American protectionism.

It is a box we should never have been in—a result, not of the reciprocal trade law, but of administrative decisions.

Adequate relief is available for the lead and zinc industry under the defense clause (7A) of the Trade Agreements Act. Many of us have pleaded with the President to grant such relief. But it has not been granted.

Is it any wonder that the unemployed in the lead and zinc industry are weary and suspicious of reciprocal trade? Can anyone blame them for searching diligently for some assurances, safeguards, and procedural guaranties in this legislation to correct their problem and prevent its recurrence?

I talked to the members of the Ways and Means Committee about the Ikard amendment. It could have included lead and zinc. I thought—and still think—the Ikard amendment would improve this bill, would give some safeguard against some of these inexplicable administrative decisions. I hope that the new language of the national security section will make it imperative that action be taken.

Our choice is now between the Mills bill or the Simpson substitute. No chance to amend or perfect. We either extend the basic Reciprocal Trade Act, with a few slight changes, or turn back the clock to a congressional log-rolling tariff procedure or turn it all over to an independent nonelected commission.

Much as I hate the abuses of reciprocal trade, I cannot bring myself to scrap the one mechanism by which we can slowly evolve freer trade among peoples of the world. I think the abuses can be corrected within the framework of reciprocal trade.

In my opinion, the Simpson substitute is a poor substitute. It deals with everything, but, I fear, solves nothing permanently.

So, with genuine reluctance—because it is not the bill I wanted—I shall cast my vote for the committee bill, hoping that it will be a better bill when it has finished the legislative process.

Mr. ALEXANDER. Mr. Chairman, during the course of debate on H. R. 12591 I have attempted to keep an open

mind. I realize the far-reaching effect that the legislation we have under discussion will have on the future economic life of this Nation. The living standard and security of all our people is bound up in the bill we have before us and it is mandatory, therefore, that we give it our best judgment and in so doing fashion a trade policy for the United States that will provide adequate protection for American industry and at the same time enable this country to fulfill its mission as the bulwark of the free world.

Mr. Chairman, I realize that the United States cannot build a wall around itself and yet survive. As the most powerful nation on earth it is essential that we buy and likewise sell in world markets. We cannot escape our heavy world responsibilities. The problem before us today is to fashion a bill that will insure the maximum amount of protection for American industry while at the same time affording, as far as possible, markets for an expanding world trade.

There is nothing so certain in the affairs of men as change. Nothing remains static for long. And thus it is in the affairs of nations.

The first Reciprocal Trade Agreements Act, as passed in 1934, was a sound piece of legislation, designed to help the United States and the rest of the world recover from the staggering effects of a great economic depression.

The act of 1934 was intended to be temporary in time and truly reciprocal in nature. It was to carry into effect the great liberal trade philosophy of the late Secretary of State Cordell Hull. The United States was to enter into trade agreements with other nations whereby we could dispose of articles in surplus supply for foreign goods not readily available in the United States. As such it was to be reciprocal in fact, as well as in name.

The Congress, realizing the complexities of the problems to arise through the passage of the legislation, delegated, temporarily, its constitutional power over foreign commerce to the President. But times change. Since 1934 the United States has emerged from the great depression; World War II and the Korean conflict have been fought; the United Nations has come into existence; new countries have been created; and economic and social changes have taken place all over the world. The trade philosophy adapted to the emergency of 1934 of necessity has undergone many changes. What was workable and good in 1934 has not necessarily stood up to the complexities of the changing times. Thus it is that we find ourselves today attempting to extend an idea conceived in 1934 to present conditions.

Mr. Chairman, it is my opinion that the framers of the bill before us, H. R. 12591, failed to take into consideration the economic changes wrought in the world since 1934. As such, I believe the bill is rigid, unrealistic, and will be a grave threat, if enacted, to the security of American industry and its employees.

Since the passage of the original Trade Agreements Act in 1934 the measure has been amended and extended on 10 separate occasions. Although Cordell Hull stated, in speaking of the

original trade-agreements measure, "the bill frankly proposes an emergency remedy for emergency conditions," reciprocal-trade legislation has come to be accepted by many as a permanent trade policy for the United States.

Through the years provision has been made in reciprocal-trade agreements legislation for safeguards for American industry, the most notorious of the safeguards provided have been the so-called escape clause and the Antidumping Act.

I will not burden the House with a technical discussion of these remedies for American industry as they have been mentioned on numerous occasions during the course of this debate. It would be well to remember, however, that while the President has reduced nearly 3,000 individual tariff rates since 1934, often several times, only 9 tariff increases had been granted by the end of 1957 on 84 applications under the escape clause and only 8 increases on 198 applications under the Antidumping Act.

To secure adequate protection through the remedies provided in the past has been a hopeless task for some American industries. I regret that the present bill, H. R. 12591, does little to improve the situation.

Mr. Chairman, most tariff rates on manufacturing goods have been lowered to the point that today the United States ranks 8th lowest among the 36 principal trading nations of the world.

On the other hand, many nations that have been granted trade concessions by the United States have responded by imposing severe import restrictions on American products. England, France, Switzerland, and Italy have been guilty of this practice.

Mr. Chairman, the unwise extensions in the past of the 1934 act, without workable safeguards, have had the effect of compounding our foreign-trade difficulties. We are found today with many industries in virtual bankruptcy and thousands of Americans unemployed, and yet we are in a period of unprecedented prosperity.

The difficulties prevailing in the textile, plywood, glass, tile, leather, and watch industries need no elaboration, and unless the bill before us is amended to provide adequate protection for these industries, they and many more will be forced out of existence.

Mr. Chairman, our Founding Fathers wisely placed the control of foreign commerce under the exclusive jurisdiction of the Congress. Likewise, they made the President solely responsible for negotiating the foreign relations of the United States. By no stretch of the imagination was it ever intended for the President of the United States to exercise both the foreign-commerce and foreign-relations functions. Yet, the bill before us continues to delegate to the President the Congress' prerogative of foreign trade.

It is my considered opinion, Mr. Speaker, that it is impossible at the present time for the President to exercise both the foreign relations of the United States and the control of foreign commerce.

It is inevitable for the President's agent, the State Department, to merge the two in the overall political considerations of international politics. And under such a condition there can be only one result for American industry—continued business failures and unemployment.

The Congress must reassert its constitutional authority over the foreign commerce of this country. The President and his agent, the State Department, have demonstrated the failure of the present program in many respects. The elected representatives of the American people should determine the foreign trade policy of this Nation as was intended by the framers of our Constitution.

Mr. Chairman, it is vital to the economic health and general welfare of the State and district I am privileged to represent that H. R. 12591 be amended to return to Congress the control of foreign trade.

My district has three basic industries other than farming—textiles, furniture, and aluminum—which are suffering under the present trade program.

My State of North Carolina has over a quarter of a million people employed in textile plants alone. They comprise 55 percent of the total laboring force engaged in manufacturing in the entire State, and threatening their existence is the continued importation of cheap foreign textiles, principally from Japan.

The people of the Ninth Congressional District of North Carolina need protection and for that reason I intend to support amendments that will be offered to rewrite H. R. 12591 in such a manner that our American workmen and businessmen will secure adequate relief and yet promote adequate trade with our allies and friends.

I firmly believe that the Davis-Dorn-Simpson substitute bill is not the complete answer but I believe it is a step in the right direction and, therefore, I intend to support it.

Mrs. GREEN of Oregon. Mr. Chairman, we are confronted here with a clear choice. Shall we reaffirm our liberal national trade policy or shall we retreat back down the road toward economic isolationism?

I have heard a great many protectionist arguments in recent days about the hardships suffered by some businesses and some communities. We have our share of hardships in Oregon and I think I know and appreciate these problems as much as anyone here. But I know, too, that there is no easy way out—that this is a difficult choice either way.

Inevitably, an expanding foreign trade will mean that some Americans will have to change jobs, or adapt their businesses to new lines of opportunity. And this will often involve hardship. But the fact is, the number of workers who will have to change jobs, at the most, is only a fraction of the number who change jobs voluntarily every year. And the fact is, the business American firms will lose, at the most, is only a fraction of the new growth of the American market every year. The American economy

can provide the new jobs and new markets for every one of the workers and businesses displaced by imports from just a part of the new economic growth of only 1 year. Even so, of course, there will be real human hardship and inconvenience involved in making adjustments. But these facts at least help put the problem in perspective.

What about the other side of the case—what about the problems and the sacrifices for the American people if we repudiate our foreign trade policy? I have not heard the protectionists answer—or even face—these problems, and I would like to hear them do so.

The Soviet threat today is even more an economic than a military problem. Yet members of Congress who willingly vote billions for bombs and missiles are here today telling us we cannot afford even a limited sacrifice to meet the Soviet economic challenge.

The threat is real; the Soviet leaders have told us as plainly as language can that they are out to defeat us in world trade. Only this past week, Khrushchev has been making a spectacular bid for greater East-West trade, at the very time we are close to telling our trade-hungry allies that we, the richest country in the world, cannot afford to trade with them.

We watched the Soviets use trade as a weapon to invade the Middle East all too successfully. Are we prepared to sit passively and accept a similar defeat, say in Latin America? No one can doubt the real discontent in South America—and even the administration admits that economic problems lie behind it. We know that the Communists are aiming a trade offensive at Latin America—that the Soviet bloc's trade there, though still small, multiplied six times just in the past year. Are we going to help the Soviets succeed by building a wall of tariffs and quotas against the lead, the zinc, the wool, copper and oil South America must sell in order to live?

Is that the way we fight communism—billions of taxpayers money for armaments, years out of the lives of our young men for military service—yet no sacrifice, however small, to meet the equally dangerous economic threat? We hear a lot of brave antiCommunist talk on occasions when it costs nothing to talk bravely. It will be interesting to see who are the real antiCommunists, when it comes to fighting the Soviet threat by supporting a strong reciprocal trade program.

Our national security and the security of the free world are at stake in our trade policy but the protectionists offer no solution to this problem. They are no more successful in explaining why and how we should meet the economic loss that protectionism would cost the American people. We have heard myths and slogans—but they won't stand inspection.

The protectionist say that foreign trade costs the loss of American jobs and American business. Yet far more jobs and far more business depend on foreign trade than are threatened by it. United States exports last year were half again as great as our imports. Clearly,

we have more to lose than to gain by a restriction of foreign trade.

But the protectionists tell us we can restrict imports without jeopardizing our exports. There are a good many objections to this but the best one is simply that it isn't so. If we want to sell abroad, we must buy abroad. Already, many of our trading partners have difficulty earning the dollars they need to buy our goods.

Then again, the protectionists tell us American industry cannot compete in the world market because of cheap foreign labor. Yet American businesses successfully sold almost \$20 billion worth of goods abroad last year in competition with cheap foreign labor. And, of our imports, no more than a third are actually competing with American goods.

In other words, we have been able to sell five times as much competing in foreign markets as foreign companies have been able to sell competing in the American market. That seems to me pretty successful competition.

What are we to think when the protectionists tell us with a straight face that the chemical industry, for example, needs protecting—an industry that sold \$1.5 billion worth of its products abroad last year, while losing less than half a billion of its domestic market to imports? What kind of competition are the protectionists complaining about, that gains three times as much as it loses from foreign trade?

I cannot support a protectionism that would take from American workers and the American economy more jobs and more dollars than it would protect. I cannot support a protectionism that would make our huge sacrifices for national defense worthless by refusing to pay the much smaller prices of security against the economic threat. I do not think such a protectionism is the answer to the problems of our industries that are hurt by import competition.

We have safeguards in the present law—escape clause and peril point—and they should be used whenever it is in the national interest to do so.

That decision, under the present law, rests where it ultimately must: with the President, who must weigh limited and local interests against the national interest. Experience has shown that the national interest does not always allow us to protect injured businesses. But the answer to that is not to scrap our foreign trade policy and the national interest with it, in order to protect limited local interests, however much our sympathies may be involved. The answer, I think, is to supplement these protections with further provisions that offer some realistic alternative to the inadequacies of the present law.

A policy of trade adjustment—helping workers, industries, and communities to adapt to economic change—will do just that. Trade adjustment legislation is before this Congress and many of us who seriously want to reconcile the overriding needs of our country with the just claims of injured industries will support this legislation as a means of doing so.

Economic adjustment, in the face of economic change, is no new experience

for Americans. We have been doing it since the days of wooden ships and stagecoaches and are still doing it in the age of the atom—and it has given us a dynamic and expanding economy. The principle of trade adjustment simply recognizes that when economic dislocation results from a national policy, there is a national obligation to help those who are injured. We helped businesses adjust to the demands of war and again to reconvert to peacetime economy. We help our veterans readjust after the dislocation of military service. We should be willing now to offer our workers and communities the real help that we can give in adjusting to dislocations caused by national trade policy.

Until the protectionists can show that the retreat toward economic isolationism which they advocate will better serve our national security and better contribute to our economic welfare, I am compelled, in the interest of the people I represent, to continue to support our foreign trade policy, which has been tried and proven over the course of a quarter of a century.

And I will work to have it improved by supplementing it with a practical and realistic program of adjustment for those injured by foreign trade.

Because this is the course that best serves the security and welfare of all Americans—and therefore of my constituents—I would support it, even if the narrower interests of my district did not benefit.

The Department of Commerce has compiled data for the delegations of the various States. I have studied carefully data compiled by this Commerce Department to measure the value of foreign trade to the people of Oregon, and, although it is necessarily limited, it shows clearly that stake that we, as Oregonians, have in foreign trade.

For Portland, as a major seaport, foreign trade is a vital necessity. But the value of foreign trade reaches into every part of Oregon's economic life. The great aluminum industry of the Columbia River runs on imported bauxite and exports aluminum. Our farmers, our lumber mills, and our manufacturing industries export a substantial part of their output. Flour from Astoria and canned foods from Portland and Salem are sold in the markets of Latin America. Iron Fireman furnaces from Portland fire the industries of our free world allies; Mosler safes go around the world. These are only a few of the obvious, direct economic benefits of foreign trade for Oregon. They are multiplied by indirect, unmeasurable benefits—the jobs and the businesses that are created to supply and service firms directly engaged in export trade.

One person in every six in Oregon is employed in three major industry classifications—lumber and wood products, food, and kindred products, nonelectrical machinery. Every one of these industries depends heavily on an export market for its products. In these 3 industry groups alone, Oregon's share of the Nation's export benefits, by Commerce Department calculations, amounts to nearly \$34 million. Wheat is one of the most important of Oregon's products and last

year exports moved over half the United States wheat crop—Oregon wheat farmers' share of that export benefit was more than \$28 million.

I know that such examples cannot completely measure the value of foreign trade. I know, too, that some of our industries have been hit by import competition. Oregon's fruit and nut growers' proportionate share of the loss of domestic markets to imports last year was \$4.1 million; but their proportionate share of gain from export markets was \$8.3 million. Others were not so fortunate—some of our lumber producers, some textile producers have been hurt by imports. I think they are entitled to every help and protection we can give them. But we don't help them or the economy of Oregon by taking jobs and markets away from other, equally important industries.

Oregon, like all of the United States, has too much at stake in our foreign trade policy to sacrifice it to protectionism. That is what the facts tell me. The protectionist arguments I have heard do not answer these facts. Until and unless they do, I must support the reciprocal trade program in the interests of my own State and of all Americans.

Mr. PORTER. Mr. Chairman, yesterday my distinguished colleague from the great State of Wisconsin [Mr. LAIRD], presented the Congress with various statistics showing a decrease in production of the United States hardwood plywood industry in 1957. He stated that the reason for this decline in production was because of the great increase in the imports of hardwood plywood, particularly from Japan. Now there is no doubt but that Mr. Laird is right in stating that the hardwood plywood industry in the United States produced less hardwood in 1957 than in 1956, and it is also quite true that imports of hardwood plywood have increased during the past few years. However, to place the blame for the decrease of United States production entirely on the doorstep of imports of hardwood plywood is far from the truth.

The domestic hardwood plywood industry suffered a decrease in production for a variety of reasons, the most important being the fact that we have been going through what my Republican friends call a recession, and all United States industry suffered a loss in production and earnings in 1957. One of the hardest hit industries in the United States was the home-building industry, held down by the tight-money policy of the present administration. The domestic hardwood plywood industry naturally suffered when its prime market went into a decline. However, we must remember that the domestic hardwood plywood industry even in a bad year like 1957 is still a great United States industry. The United States Tariff Commission in its report of June 2, 1955, in its investigation of injury to the hardwood plywood industry by imports stated, and I quote:

There has been a marked and continuous expansion of United States consumption of ordinary hardwood plywood since World War II. In 1954, consumption was some 50 per cent greater than it was in 1947 and was more than two times what it was in 1937.

The Tariff Commission continued as follows:

As will subsequently be shown, this remarkable increase in the consumption of ordinary hardwood plywood during the past decade was sustained by an increase in both domestic production and imports. To a significant extent, therefore, imports have been supplemental to the domestic supply of hardwood plywood. Indeed, the availability of imports has helped to develop new markets for the product. The great expansion in consumption of hardwood plywood in the production of flush doors would not have been possible if producers had been dependent entirely on domestic plywood. Domestic supplies either would not have been adequate or would have been available only at prices that would have retarded their use. If imported panels had not been available, there would have been greater utilization of substitute materials or of other types of doors.

In connection with the Tariff Commission report I was struck by Mr. LAIRD's interpretation of this report. The Tariff Commission unanimously found, and I again quote:

In view of the foregoing facts and considerations, the Commission is of the opinion that the domestic industry producing ordinary hardwood plywood is not being seriously injured or threatened with serious injury as a consequence of increased imports.

This, as I said before, was a unanimous decision by the Tariff Commission, and yet Mr. LAIRD stated:

The domestic industry proved every element of damage set out in section 7 of the statute. In this light, the decision of the Tariff Commission is very puzzling to me.

It may be very puzzling to the gentleman from Wisconsin [Mr. LAIRD] but it is certainly clear to me that the Tariff Commission meant exactly what it said, and that was that imports of hardwood plywood were not hurting the domestic industry.

At that time, starting in late 1954, when the Tariff Commission made its escape clause investigation of possible injury from imports to the hardwood plywood industry, this country was experiencing a recession similar to what we are going through at the present time. It was interesting to see what the Tariff Commission had to say about that recession—again I quote from the Commission's report:

In the Commission's view the deterioration that the industry experienced in 1954 from the exceptionally high level reached in 1953, after two decades of marked, and virtually continuous expansion, covers too short a period to justify a finding of serious injury—this quite irrespective of the importance that might be attributed to increased imports as a cause of the foregoing deterioration as compared with other causes. For purposes of action under section 7, the industry under review must not be judged on the basis of a few months of regression from the best years of its history, any more than on the basis of a short period of unusual expansion. Despite recent reversals, the domestic industry is currently operating on a greatly expanded basis as compared with any period of World War II or with most of the postwar decade; moreover, current trends in the national economy indicate an expansion in production by the industries that constitute the principal markets for hardwood plywood.

The gentleman from Wisconsin [Mr. LAIRD] has attempted on a previous ac-

tion to put the blame for trouble in the hardwood industry on imports, particularly from Japan. On Thursday, April 24, 1958, the gentleman from Wisconsin [Mr. LAIRD] said that the largest hardwood plant in the world "is going to be shut down on Friday. It is going to be shut down primarily because of competition from Japan." The plant he referred to was the Roddis Plywood Corp. plant in Marshfield, Wis. Investigation disclosed that the plant was not going to be shut down the next day but that it had actually shut down after the second shift on the previous Friday. The reasons for the shutdown, which lasted over the weekend, with the plant reopening on the following Monday, thus being open when the gentleman from Wisconsin [Mr. LAIRD] spoke, were given in the press statement issued by Mr. A. C. Baudek, manager of the plant. Mr. Baudek, as quoted in the Marshfield News Herald said, in announcing the 1-day layoff, that it was—

an adjustment due to a very temporary situation which was caused by poor spring weather generally.

Mr. Baudek continued:

Generally bad weather in much of the Nation has delayed the start of building operations which use the Roddis products. Orders have held fairly good, and are continuing to come in, and it is principally a problem of scheduling deliveries.

Here we have the words of the manager of the plant. Does he say one word about foreign competition? No. He laid the blame where it belonged—bad weather conditions. I suppose that we shall now hear that the recent frigid winter we all experienced was caused by Japan.

There is one final factor which should be considered in looking at the condition of the United States hardwood plywood industry, and this again was taken up by the Tariff Commission in its 1955 report. After stating that the 1954 recession, which slowed down home building and the buying of furniture, and so forth, undoubtedly affected the hardwood plywood industry, the Commission said:

Another factor, also unrelated to imports, that probably contributed to the less favorable position of the hardwood plywood industry is that hardboard and related materials have recently captured markets that would otherwise have been supplied by plywood. Hardboard, particle boards, and plastics have been utilized increasingly where they are substitutable for, or are lower priced than, plywood. Hardboard, for example, has recently come into wide use in the manufacture of television cabinets. In the furniture industry it is used for such purposes as chair seats, drawer bottoms, dustproofing, backing panels, and to some extent as tops and exterior panels, all of which have been important outlets for the use of plywood.

I think it high time for the Members of the House to look at the facts of the effect of imports on the economy of the United States and disregard the fancies about imports which have been circulating recently. It is fanciful and easy to blame foreign countries for the woes originating within our own industries. What we should look at are the facts, which are that in 1957 United States businessmen bought \$13 billion worth of

foreign goods. These businessmen used their own money and employed American labor to process these goods which were transported to wholesalers and retailers by other Americans engaged in the transportation business and sold to the American people at a profit to all concerned by thousands and thousands of stores and shops throughout the country. The American people in turn bought goods which satisfied them, and the foreign government, receiving good, hard American dollars for its product immediately turned around and bought \$19 billion worth of goods from the United States giving employment and profit to countless United States organizations and 4½ million workers. Gentlemen, these are the facts and I bring them most respectfully to the attention of Mr. LAIRD and other dealers in fancies.

Mr. VAN PELT. Mr. Chairman, I am a great admirer of the President of the United States. He has restored balance and good sense to Federal expenditures; he has fostered equity in the relationship between business and labor, to mention just two of his remarkable accomplishments.

History, I am sure, will record these accomplishments far better than I can.

The President has proposed legislation intended to encourage trade between the United States and other countries. Certainly no one can argue with the objective of a beneficial exchange of goods between nations, and I wish to commend the President for his active interest in this field.

Congress, however, is vested with major responsibility for the conduct of our foreign commerce, as specified under article I, section 8, of the Constitution of the United States. Congress, not the Executive, is directed to regulate our foreign trade.

Perhaps some will claim that the framers of our Constitution made a mistake in 1787. Perhaps they feel this responsibility for the regulation of foreign commerce should have been placed in the executive branch. Perhaps they can roll out potent arguments to support their case.

Nevertheless, and right or wrong, Congress is pledged to carry out the mandate of the Constitution. Therefore, while I heartily agree with the President's objective to encourage foreign trade, I cannot subscribe to an extensive delegation of congressional authority to the Executive.

On the other hand, the President's conscientious adherence to constitutional mechanisms and constitutional directives encourages me to favor granting the executive branch a reasonable, carefully limited authority to enter into trade agreements with other countries for the period of his term in office.

In so doing, Congress would avoid binding subsequent Congresses and avoid granting controversial authority to a President or Presidents yet unknown. I am confident that the President would not object to an extension of his delegated authority through the remainder of his term, with the provision that this authority would be subject to further review before it is granted to a new administration.

I might point out there is a sleeper in the bill which the administration has endorsed. This would permit tariff cuts negotiated in 1963, the expiration date of the proposed measure, to take effect over the following 5 years to 1968—in other words, it is possible that the tariff-reducing powers provided by this legislation would continue 8 years beyond the end of the incumbent President's term. Such a provision is patently unwise.

Our distinguished President warmly endorses the ideal of reciprocal trade. It is an excellent ideal. Unfortunately, it is an ideal which has never been translated into practice, at least in foreign commerce.

A few countries—Canada is the most notable example—have worked earnestly to achieve true reciprocity. But the policies and outlook of our Canadian friends are unique in this modern world. The table which I shall now insert into the RECORD testifies eloquently to the extent of restrictions facing American exports and investments abroad:

Major nontariff impediments to the flow of trade and capital imposed by 89 foreign nations (a partial list)

	Number of countries
Advance deposit for imports.....	13
Exchange licenses.....	33
Exchange tax.....	9
Existence of blocked nonresident accounts.....	10
Export licenses.....	46
Forced exchange of payments received in foreign currency.....	47
Import licenses.....	62
Import quotas (agricultural).....	9
Import quotas (nonagricultural).....	8
Multiple exchange rates.....	23
Preferential exchange systems.....	16
Preferential trading systems.....	21
Restrictions on incoming capital movement.....	28
Restrictions on outgoing capital movement.....	36
Restrictions on payments for invisible imports.....	45
State trading.....	13

As the table shows, two-thirds of the trading nations of the world engage in highly restrictive commercial and financial restrictions. In spite of our record of 24 years of generous tariff reductions, the United States today confronts more obstacles of a non-tariff nature than we did in 1934 or 1938 or even 1945.

Hence, while it appears that some nations have responded to our policy by cutting their tariffs on a more or less quid pro quo with us, they have at the same time thrown up other, more effective means of trade control so as to virtually nullify their tariff concessions to us.

In the last analysis, the United States is seen to have reduced its tariffs by approximately two-thirds in 24 years, while other countries have replaced their tariffs with new and formidable barriers. The United States, in short, has given much and received little in return.

This need not have been the case. Congress decided years ago that tariff concessions should be withdrawn from countries which discriminate against our products and investors. Yet, in the interests of international good will, the

State Department has all but ignored this statutory provision.

I fail to discern any logic at all in a situation which finds the Congress passing a law and the Executive Branch by-passing that law in the execution of policy. This failure to implement Congressional intent constitutes shocking and intolerable negligence.

The impact of our foreign trade practices, and the practices of other countries, is sharply felt in the State of Wisconsin. Some of our producers find themselves squeezed on several sides by quotas, licenses and other devices to prevent sales abroad, by the State Department's reluctance to recognize these unhappy conditions, and by increased foreign competition at home as a result of our unilateral tariff cutbacks.

Among the Wisconsin industries caught in this squeeze are producers of machine tools, hardwood plywood, and iron ore.

Until recently the United States was unchallenged as the world's most competent and prolific producer of machine tools. At one time we exported 30 percent of our machine tool production. Today, largely as a result of discrimination abroad, our export ratio has dwindled to about 10 percent, according to testimony before the Committee on Ways and Means.

This injury is compounded by the fact that this essential industry, without which we could not produce planes and tanks and missiles and other weapons of defense, is now watching more and more foreign-made machine tools invade the domestic market.

Although our machine tools are shut out of certain foreign markets by discriminatory devices, the State Department has not seen fit to withdraw any concessions to the guilty countries. The law on this point is clear cut; yet no action has been taken.

Meanwhile, machine tools built by labor drawing wages ranging as low as one-sixth of our own wage levels are capturing more and more of our home market.

If the present trend is allowed to continue, we should not be surprised to awake one day to find our machine tools manufactured abroad, within easy range of Soviet guns and missiles, and shipped here for installation in our factories. This might work as long as the Soviet guns were silent. In the event of war, however, our strategic capabilities would be badly weakened.

Hardwood plywood provides another example. The Governor of our State only recently advised the Committee on Ways and Means that 6 of the 18 plywood plants in Wisconsin have been forced out of business in the past 6 years by excessive imports.

In February 1958, Northern Hardwood Veneers closed its plant in Butternut, Wis., laying off 110 workers. The Splinedwood Corp. in Mellen, Wis., while still operating, has seen its work force slip from 185 in 1955 to 100 in March 1958.

This is the record for 6 years—one-third of Wisconsin's hardwood plywood

industry eliminated by imports. The remaining two-thirds, again quoting the Governor, now employ 10 percent fewer workers than they did 6 years ago, losing hundreds of thousands of production man-hours and millions of dollars in wages to our workers.

Meanwhile, Japan has captured more than 40 percent of the American market for hardwood plywood. As recently as 1951, Japan's share of our market was only 1 percent.

Americans, I am sure, wish to see the Japanese economy grow and prosper. However, we cannot stand idly by while this prosperity grows out of the distress and hardship our own industries. It is no secret that Japan's manufacturers have concentrated on the American market; they have adopted American methods, utilized American equipment and facilities. The end result has been booming profits for Japanese businessmen, starvation wages for the Japanese workingman, and serious injury to American industries.

Iron ore, the raw material upon which our entire industrial complex is rooted, is also arriving here in ever greater quantities from foreign mines. In 1952, only 6 years ago, our imports of iron ore were less than 10 million tons. In 1957, these imports surpassed 33 million tons.

United States iron ore production, meanwhile, increased only 7 million tons, from 98 million to 105 million, in the same period. In other words, while imports were gaining close to 250 percent, our own output climbed a scant 7 percent.

Mr. Chairman, the examples I have recounted are matters of record, deserving of the serious consideration of this body. Clearly, there is something fundamentally unsound in a policy which tacitly condones a "law of the jungle" in the world marketplace, while permitting excessive competition and serious injury to domestic producers in their home market.

Much as I admire and respect the President, I cannot support the proposals which his Administration has endorsed. I urge, instead, the prompt enactment of H. R. 12676, to replace present haphazard, illogical practices with updated, reasonable, and responsible procedures. I am convinced that H. R. 12676 will better serve the legitimate long-term interests of the United States and its trading allies.

Mr. MACK of Washington. Mr. Chairman, the House today is debating an old issue. The issue is that of free trade versus the protection of American industry and American labor by the employment of tariffs and quotas to slow down too heavy imports of competitive products from low-wage foreign nations. The same issue was debated by the first Congress when it met in New York City in 1789. Most of the 84 Congresses since that time have been forums for similar debates.

Americans now are and always have been divided in their opinions on this issue. Most of these opinions probably were influenced by self-interest. Those who benefit from exports or who make high profits from handling imports from

low-wage nations have been free traders. Those, both management and labor, who were injured by too heavy imports from nations where wages were extremely low have been protectionists.

Most Americans, out of this more than a century-and-a-half-long debate of this issue have come to be pretty well agreed on 2 things.

Most Americans today are agreed that foreign trade is desirable. Most Americans are agreed that exports create jobs and add to the Nation's prosperity.

But, most Americans also are agreed—even many free trade witnesses who appeared before the committee during the hearings on this bill so testified—that imports of certain foreign products which enter our country in floodtide volume are destroying the jobs of American workmen and instead of helping our national economy are imperiling the very life of some long-established American industries.

All of us desire export business for the United States, but none of us should want it at the price of undermining and ruining long-established domestic payroll industries which we already possess. "A bird in the hand is worth two in the bush." The foreign export business we obtain today soon may be lost through the changing tides of international trade. But, the domestic enterprises we have long possessed will remain with us if adequately safeguarded against low-wage foreign competition and freed from unusual harassment.

The Simpson amendment, it seems to me, offers reasonable protection to domestic industries without greatly interfering with the present volume of exports our country now enjoys. I, therefore, am for the Simpson amendment.

Some free-trade advocates who have spoken during this debate have endeavored to make it appear that if the Simpson amendment is adopted every dollar of the \$19-billion-a-year export business our Nation now enjoys will be destroyed and lost. Such statements are nonsense and extravagant absurdities.

If the Simpson amendment is adopted, and I hope it will be, Americans still will drink coffee made of foreign coffee beans, and sip tea brewed from foreign tea leaves. If the Simpson amendment is adopted, Americans still will ride on tires made of imported rubber, still will buy silk, tin, copper, brass, oil, and yes, even some plywood and some fish products, and many other commodities from foreign nations.

The Simpson amendment draws down no iron curtain against the importation of foreign goods. It merely provides that when an industry feels it is imperiled, is jeopardized or faces ruination by too heavy imports of competing products from low-wage foreign nations that industry may ask and obtain a hearing before the Tariff Commission. The Tariff Commission then will make a study of all the facts, and based upon the facts obtained, the Tariff Commission will report as to whether the complaining industry shall receive tariff or quota protection against the foreign competing product. If the Tariff Commission decides in favor of tariffs or quotas, these then will go into effect within a reason-

able time unless Congress overrides the Tariff Commission's decision.

This does not mean that all foreign imports of competing goods will be cut off. In the case of plywood imports from Japan for example, which I personally think should be curtailed, the Commission reasonably might limit imports to a certain percentage of the total American consumption. This would be fair to Japan and at the same time would save the domestic plywood industry from suffering a long-continued depression and its workers from curtailed employment.

Under present law, there is no limitation whatsoever on the quantities of plywood Japan can ship into the United States except the voluntary quota limits Japan places on her exports of plywood to the United States. These voluntary limitations are meaningless since experience has demonstrated that Japan once she places a voluntary quota limit on herself pays no attention to it.

The Founding Fathers in the Constitution assigned to Congress as its first responsibility the levying all duties and imposts. In short, the number one responsibility assigned to Congress by the Constitution was the making of tariffs. And, another of the first duties and responsibilities assigned to Congress by the Constitution is that of regulating foreign commerce.

The Constitution assigned the duty and responsibility of regulating foreign commerce, not to the executive and not to the judiciary, but gave it to the Congress. For 145 years the levying of duties and imposts, the making of tariffs and the regulation of foreign commerce remained with the Congress where the Founding Fathers said it should repose.

The Congress, in time, wisely, I think, created the Tariff Commission, a non-partisan, semijudicial body, to advise and assist the Congress, mainly as a fact-finding body, in regulating foreign trade.

The Simpson bill would restore the Tariff Commission as an arm of the Congress where surely the Constitution intended it should be.

Complaints are made that if Congress embarks on making tariffs and establishing quotas that these will be obtained by log-rolling.

Most bills, the tax bills, the river and harbors bills, the agriculture bills, are in a real sense made by logrolling. The term may sound obnoxious, but what logrolling really means is compromise. All of the 435 Members of the House and 96 Senators pool their knowledge and observation on conditions of the country, and out of this mass of experience and information come compromises which usually are salutary.

The alternative to tariff or quota making by the legislative branch is tariff or quota making by the Executive. In a Government as vast and complex as that of the United States when powers are delegated to the Executive these powers, in turn, must be delegated by him to others. Foreign commerce problems in the main are and have been and will continue to be delegated to the State Department.

The State Department is an excellent department ably staffed, but its respon-

sibility is to look after foreign affairs not solving the domestic problems of our economy. It has staffs in every foreign capital and in almost every foreign seaport. It knows foreign affairs. But the State Department has few or any of its members in the 48 State capitals or in our 435 congressional districts of this country. While the State Department knows most about the things which are happening abroad, it is not equipped by training or in personnel to know what is transpiring here economically at home in our 435 congressional districts.

The greatest strength of our Nation in peace and in war has been the massive productive capacity of our industrial machine. It is important that domestic productive machine remain strong, efficient, solvent, and unimpaired. As long as our productive capacity is the greatest in the world we will be strong in defense and economically.

The Congress, with its 435 Members representing all areas of the Nation, is better equipped than the State Department and better equipped than anyone else to keep its finger on the pulse of the domestic economy and to prescribe from time to time those things that are best for our domestic national economy. Every Congressman is an expert on the economic needs of his own district. If he is not he does not remain long in Congress. Final decision in foreign trade matters, therefore, in my opinion, should rest with the Congress as was intended by the Constitution.

My own district is comprised of nine of the most westerly counties in the United States and is as large in area as Massachusetts and Rhode Island combined. It has been through the years especially vulnerable to too heavy imports of goods from low-wage nations. Time after time its people and its industries have been sold down the river by trade treaties and agreements.

Our principal industries are lumbering, plywood making, and the manufacture of shingles, fishing, filbert nut raising, and dairying. All of these industries have been adversely affected, from time to time, by trade treaties that lower tariffs.

Last year, for example, Japan, where the wage rate is 11 to 15 cents an hour, shipped into the United States almost 700 million square feet of plywood. These plywood imports had a wholesale value of \$60 million and were the equivalent of the output of 12 large plywood plants employing 5,000 people.

There are Members of Congress, importer groups, shipping people who transport the foreign products into the United States who say the imported plywood is mostly hardwood plywood and that these imports do not injure the Pacific Northwest fir plywood industry.

The management groups of the Douglas Fir Plywood Association which is composed of almost all the fir plywood mills of Oregon, Washington, California, and Montana, however, recently passed resolutions deploring the heavy imports of Japanese plywood, stating that these imports were undermining the solvency of their industry and urging

upon Congress that quota limits be placed on these imports.

The Northwest Council of Sawmill and Lumber Workers — AFL-CIO — whose members by the thousands work in plywood mills passed similar resolutions protesting the overly large plywood imports and asking quota relief from them.

In short, both labor and management in the industry, those who are most likely to know whether or not they are being hurt by plywood imports, say their prosperity and employment is being injured by these imports.

I append here letters and resolutions sent me by woodworkers unions of the Pacific Northwest, thousands of whose members are employed in the Oregon and Washington plywood industry:

RESOLUTION OF LUMBER AND SAWMILL WORKERS, LOCAL UNION 3009, GRANTS PASS, OREG.

IMPORTATION OF JAPANESE PLYWOOD

Whereas the undersigned workers are actively engaged in the lumber industry; and

Whereas in the area of local 3009 comprising the County of Josephine and part of the County of Jackson, State of Oregon, there are 2,000 men employed in the lumber industry; and

Whereas all of these men are directly concerned with the impact of Japanese plywood imports on the economy of the lumber industry; and

Whereas in 1951 Japanese plywood imports were 1 percent of the domestic consumption of plywood, in 1952 Japanese plywood imports were 2 percent of domestic use, in 1953 Japanese plywood imports were 10 percent of domestic use, in 1954 Japanese plywood imports were 23 percent of domestic use, in 1955 Japanese plywood imports were 28 percent of domestic use, in 1956 Japanese plywood imports were 33 percent of domestic use, and for the first half of 1957, Japanese plywood imports were 42 percent of domestic use for a total of 806 million square feet in the first half of 1957: Therefore, be it

Resolved, That Senator MORSE, Senator NEUBERGER, and Congressman PORTER take such action as to either restrict Japanese plywood imports or advance the tariff rates on Japanese plywood imports to a degree whereby domestic manufactured plywood would have a competitive market.

WESTERN COUNCIL,
LUMBER AND SAWMILL WORKERS,
Portland, Oreg., March 1, 1957.

The Honorable RUSSELL V. MACK,
House Office Building,
Washington, D. C.

DEAR SIR: Enclosed you will find a copy of a resolution dealing with the importation of Japanese plywood, which was unanimously approved by the delegates at the recent 20th Anniversary Convention of the Western Council of Lumber and Sawmill Workers of the United Brotherhood of Carpenters and Joiners of America, held at Seattle, Wash., February 11-14, 1957.

The resolution itself is self-explanatory, but we wish to emphasize that the steady increase of importation of Japanese plywood over several years has been of great concern to the members of our union. The plywood industry in the Western States is currently suffering from overproduction and many of our members are unemployed or working part-time, and import increases serve to aggravate this condition.

We respectfully request that you lend your efforts to achieve the objective set forth in the enclosed resolution.

Very sincerely yours,

EARL HARTLEY,
Executive Secretary.

RESOLUTION OF WESTERN COUNCIL OF LUMBER AND SAWMILL WORKERS

RESOLUTION NO. 8—JAPANESE PLYWOOD

Whereas the importation of Japanese plywood has increased from 70 million feet in 1951 to 700 million feet in 1956; and

Whereas since it would take in excess of 10 250-man plywood plants to produce 700 million feet of plywood per year, there are a great many jobs lost to the economy of the Western States; and

Whereas the Japanese plywood is produced under substandard conditions and at wages no American workers could live on; and

Whereas because of the substandard wages paid Japanese workers, their plywood can and is being imported at prices below what it costs to produce it here: Now, therefore, be it

Resolved, That the Western Council of Lumber and Sawmill Workers here assembled in Seattle, Wash., reaffirm its position that an adequate quota should be established on Japanese and all other imported plywood in order to protect the jobs of workers in the plywood industry; and be it further

Resolved, That copies of this resolution be sent to congressional delegates of all the Western States.

EARL HARTLEY,
Executive Secretary.

LOCAL NO. 2843,

LUMBER AND SAWMILL WORKERS,
Everett, Wash., May 20, 1957.

Hon. RUSSELL MACK,
House of Representatives,
Washington, D. C.:

We of Local 2843, Lumber and Sawmill Workers wish to inform you of our concern about legislation to raise the tariff on plywood and peeled veneer and also to cut the quotas. We voted at our regular meeting May 14, 1957, to urge you to support legislation which calls for higher tariff and quota cuts.

Yours truly,

JAMES SEIM,
Recording Secretary.

PUGET SOUND DISTRICT COUNCIL,
LUMBER AND SAWMILL WORKERS,
Seattle, Wash., April 30, 1957.

Hon. RUSSELL MACK,
United States Congressman,
House Office Building,
Washington, D. C.

DEAR CONGRESSMAN MACK: No doubt you are aware of the fact that due to the importation of Japanese plywood manufactured by cheap labor has compelled the operators in the plywood industry on the Pacific coast to reduce their workweek from 5 days per week to 4 days per week, thereby reducing the take-home pay of our members by 20 percent.

Since 1951, there has been an increase of 4,000 percent on Japanese plywood shipped into the United States, the cost of manufacturing this plywood in Japan is \$4.17 per 1,000 square feet compared to \$30 per square feet in the United States.

The officers of the Puget Sound District Council of Lumber and Sawmill Workers, AFL-CIO, and the affiliated local unions with a membership of approximately 20,000 in the State of Washington, request that you use every means at your command to seek a quota on plywood imports through regulation or legislation to limit consumption of hardwood plywood manufactured for sale. Thanking you for the consideration and support you have given us, I remain,

Very truly yours,

MICHAEL T. COSTELLO,
Secretary.

The Douglas Fir Plywood Association which is comprised of nearly all the plywood manufacturers of Washington,

Oregon, California, and Montana says these imports do injure the softwood plywood industry as well as the hardwood plywood industry.

The position of the Douglas Fir Plywood Association mills, which produce 86 percent of all fir manufactured in the United States, is made quite clear in a resolution passed at a meeting of its management board in Eugene, Oreg., on Wednesday May 14, 1958.

The resolution of the Douglas Fir Plywood Association follows:

Whereas the importing of foreign plywood has had a serious effect upon the plywood industry: Now, therefore, be it

Resolved, That the consensus of opinion of the Douglas Fir Plywood Association is that the great volume of imported plywood has had a highly detrimental effect on domestic production and employment. This consensus rests on the following facts:

Import figures of record show that the United States imported 53 percent of all hardwood plywood consumed in the United States during 1957, a total of 847 million square feet during the year.

Seventy-nine and three-tenths percent of all imported plywood came from Japan, where the average rate of wage per hour is 15 cents as compared with an average rate per hour of \$2.52 in the plywood industry in the States of Oregon, Washington, and California. Practically all of this imported plywood is hardwood. It is not only replacing hardwood plywood manufactured in the United States, it is replacing our Douglas-fir plywood. It is possible for Japan to sell this better grade of plywood cheaper than we can produce Douglas-fir plywood with hardwood faces.

The 847 million square feet of plywood imported this year will represent a loss of \$40 per thousand square feet in employment in the United States or a loss in payrolls amounting to \$34 million.

We feel that should foreign countries continue to exploit their economic advantages, such as cheaper timber, cheaper labor, and cheaper transportation and should they be permitted to continue to sell their production in the United States unchecked, the economic effect on our plywood industry, and especially on the States of Washington, Oregon, and California, will be serious.

Douglas-fir plywood was an extremely important critical construction and building material during World War II, and as such was subject to a very high priority, and it is of vital importance that this industry be left in a sound and healthy condition in case another such grave emergency faces this country.

We recognize the need for, and encourage foreign trade. All we ask is that sufficient restraint on the importation of foreign plywood be applied to permit our plywood industry to survive and maintain our wage structure and standard of living and to enjoy prosperity so necessary to the economic welfare of our area.

What has and is happening to the Pacific Northwest plywood industry as a result of too heavy imports of Japanese plywood is told in a letter by E. W. Egge, superintendent of the West Coast Plywood Co., of my hometown, written to W. G. Heller, head of a Tacoma, Wash., firm of importers. Mr. Egge, in his letter, says:

JUNE 3, 1958.

HEIDNER & Co.,
Post Office Box 1628,
Tacoma, Wash.

DEAR MR. HELLER: We have before us your letter of May 15 addressed to Bill Agnew, of

the Douglas Fir Plywood Association. It implies that the threat of cheap, foreign imports to our domestic plywood economy is a myth. Also, your letter states that our industry has been taken in by misleading propaganda. We must absolutely disagree with both contentions.

The effect of this foreign invasion of cheap plywood imports may be a myth to those who are profiting from it, but it is certainly very real and foreboding for those who are suffering as a result of it.

Any inference that cheap foreign plywood, with uncontrolled access to our markets, has no adverse effect on both our hardwood and softwood industries, savors of the ridiculous. If Japanese lauan has not affected the plywood market you might explain what happened to the hundreds of millions of feet of door panels formerly supplied by the fir industry. These have been almost completely replaced by cheap lauan door skins from Japan. We would venture to say that if the import of door skins were to be sharply reduced, that this fir door panel business would quickly return—not in the form of door skins, to be sure, but as plywood for stile and rail doors which dominated the door market until the cheap imported plywood forced them out of the picture.

Also, you might explain what happened to the heavy volume of fir plywood formerly supplied to furniture manufacturers, which has now been largely replaced by Japanese lauan. It has been argued that these imports are hardwood and Douglas-fir is a softwood and therefore they have no bearing on each other. This is not the case because whenever hardwood plywood comes anywhere near the range of softwood prices, then the hardwoods naturally take over as they are the superior product. That is exactly what has happened in many cases. Japanese lauan has taken over fir markets.

Also, in the commercial field we find that these lauan imports have undermined many plywood markets. Statistics show that about 50 percent of all Japanese imports have been in other than doorskins. We have run into this competition in many places. Just for example, our mill formerly produced sizable quantities of spruce plywood for use in the manufacture of tabletops, underlayments, etc. Today, that business is all but extinct as far as our spruce is concerned—having been largely supplanted by Japanese lauan. This is just one little example and we know that there are many others that could be cited.

No, Mr. Hellar, we cannot ride along with you on the supposition that everything is rosy with our domestic plywood industry in the face of cheap foreign imports. Of course, it is fine and dandy for those who are profiting from them but is anything but comforting to those who are threatened with the loss of their jobs or their businesses due to this unfair competition.

The damage being wrought to our domestic hardwood and softwood economy is very real and is not a myth or a hoax as some would lead one to believe.

The whole thing boils down to one fact, and we believe you will concur with us on this, that whether it is in the manufacture of safety pins, cameras, dry goods, flashlights, plywood, or what have you, our \$2.50 per hour labor just cannot compete with the 11½-cents-per-hour pay of the Japanese. It simply isn't in the cards. Either protective measures will now be enacted in their proposed mild form or the resentment against the influx of cheap foreign goods will build up to such a degree that much more severe regulations will be legislated later on.

Yours very truly,

WEST COAST PLYWOOD CO.,
E. D. EGGE.

But plywood is not the only industry in the Pacific Northwest adversely af-

ected by too heavy imports of competing commodities from low-wage nations.

The fishing industry in most of its branches is under constant threat of economic damage from foreign imports.

I went into a grocery of a small fishing village in my district whose people are largely dependent on fishermen and cannery workers for its prosperity. I found on the shelves of that grocery store fish packed in cans brilliantly ornamented with labels showing American Indians in colorful Indian feathered headgear. No product could look more American than did this canned fish. Yet on each can, in small type, was printed the words "packed in Japan." The Japanese canned fish was lower in price than American cans of similar size and content on neighboring shelves.

American fishermen and cannery workers simply cannot and should not be expected to compete with the low wages paid Japanese fishermen and cannery workers.

Our American fishing industry, to survive, must be protected by reasonable quotas limiting fish imports to a reasonable share of the American market. Under existing law the fishermen and cannery workers have little chance of protection.

A story is told of an elderly fisherman with knarled hands due to long hours of labor on the open sea handling saltwater fish who asked a free-trade bureaucrat "if foreign imports deprive me of my livelihood what will I do to make a living?" The bureaucrat is reported to have replied, "Why you can learn to make typewriters." The scant and callous consideration some free traders give those workers displaced by cheap, foreign imports makes one believe that story probably is true.

The Japanese fish often are caught by small boats operating far out to sea and then taken to other ships where they are canned. The wages are very low, only a fraction of those paid American fishermen and cannery workers.

How the Japanese operate in the taking of salmon is indicated by a recent Associated Press dispatch quoting the Washington State director of fisheries. This Associated Press dispatch follows:

JAPANESE RUIN SALMON, CLAIM

OLYMPIA.—Japanese fishermen are "ruining" the American red salmon industry. State Fisheries Director Milo Moore charged Tuesday.

By using small mesh nets outlawed to American fishermen, Moore asserted, the Japanese catch the fish while they are still immature.

He said the Japanese are intercepting red salmon runs headed for United States and Canadian waters. They are catching the fish in the Aleutian Islands feeding area before the salmon head south to North American streams, he maintained.

The crabbing industry and the smoked oyster industry also are affected adversely by too heavy imports.

Prior to Pearl Harbor, a fishing port in my home county, Westport, landed never more than 28,000 dozen large Dungeness crab annually. There was little market for American caught and processed crab because Japan, prior to 1942, was selling 85 percent of all the

canned crab marketed in the United States.

Japan blew herself out of the American crab market at Pearl Harbor. A great demand developed for American caught and processed crab. Our Government said, "food is a weapon of war" and encouraged fishermen to invest their life savings and to go into debt to buy fishing boats and gear and encouraged others to open canneries. Because the Japanese had blown themselves out of the American market, our crab fishing business expanded until recently the landing at Westport were totaling about 300,000 dozen of these big crabs annually. The American crabbing industry at Westport grew into a million dollar one. Today that industry is under constant threat from too heavy imports of foreign crab. It wants and needs quota limit relief. It will obtain in the Simpson bill the best chance of obtaining that relief.

Another Pacific Northwest industry under constant threat of foreign competition is that of filbert nut raising. Through the years many hundreds of orchardists have gone into this business in Lewis, Cowlitz, and Clark Counties of Washington and many of the counties of Oregon.

It requires 7 years after planting for filbert trees to reach the nut-bearing stage. At times orchardists have worked for years to get their trees into nut production only to find that when their crop was ready for harvest that some foreign nation had a surplus of these nuts and was dumping them onto the American market. In the Simpson bill filbert nut raisers will obtain their best chance for reasonable protection against the tragedy of being faced with prices less than their cost of production.

We who are for the Simpson bill do not ask that all imports be shut off. On many types of imports we ask no curtailment of imports at all. In some special cases, however, where long established American industries are imperiled by imports of low-wage produced competing products we ask for the relief and protection the Simpson bill will provide and which present law and the committee does not provide.

Mr. CELLER. Mr. Chairman, nothing short of the economic health of the free world is at stake. There is a restlessness all over the world which is focusing itself on trade opportunities. A withdrawn, insular trade policy, if embraced by the United States, would fan into flames the discontent which now smolders not only in Europe and Asia but also in the Western Hemisphere. Latin America is a very good case in point. A shutting off of imports is as well a shutting off of exports. Not only are the principles of free competition thus ravaged, but, in more immediate terms, this will mean increased unemployment among the healthy segment of our population which derives its livelihood from export trade.

The substitute bill is a dangerous bill for, in addition to its other deficiencies, it virtually gives full authority to the Tariff Commission to establish the trade policies of this country. Should the

President wish to change any of the Commission's decisions other than increases, he would be required so to recommend to Congress, and Congress must act within 60 days.

The substitute likewise calls for accelerated procedures to increase tariff rates and to impose import quotas.

Unless we can have more certainty in our trade policies, we cannot negotiate reciprocal trade agreements which would best serve our interests. I believe that a 5-year extension of the President's authority to enter into reciprocal tariff-cutting agreements is the only way to bring any stability whatsoever to our trading possibilities. The 2-year extension which is called for in the substitute, in addition to its other deficiencies, will produce more problems than it solves. The myth of our self-sufficiency has long since been exploded. Shortages of critical material increase yearly.

People are always startled to learn that we have to import, for example, 100 percent of our natural rubber, 100 percent of our tin, 100 percent of our industrial diamonds, 100 percent of our graphite, 98 percent of our platinum metals, 80 percent of our cobalt, 68 percent of our mercury, and so forth. No airplane or automobile could be made to work without imports.

Now, let us look at the other side of the ledger.

Our exports far exceed our imports. Both industry and agriculture in the United States must, and do, export to keep our economy alive and growing. Four million five hundred thousand American workers earn their living in export trade. The products of 40 million acres of American farmland are sold abroad. That is one-tenth of all the cropland in the country. The United States sells abroad chemicals, textiles, iron and steel, agricultural machinery, automobiles, trucks, and aircraft.

Suppose, then, we wall in the United States by high protective tariffs. Whom are we protecting? Not American labor, not American industry, not the consumer. Who gains by protective tariffs is a small group who seek to be insulated from competition, a sort of subsidy for which the consumer ultimately pays. Actually, the equation is a simple one. If we do not buy from other countries, they will not buy from us.

But let us suppose that, despite their unwillingness to buy from us when high tariffs are imposed on their own products, these countries, nonetheless, feel they must have our products. If they do not earn the dollars by selling us their goods, where will they find the dollars to use for purchasing ours? Where, then, can they turn? To Red China? To Red Russia? You may be sure the tentacles of these nations are itching to clutch at the advantages offered by foreign trade. It would be a major victory for the Communists, and we shall have handed it over to them in the name of self-protection. Can there be greater irony?

No military pact, no treaty, can serve us if our trade policy evidences our economic isolation. We must ponder well what we do here today. This may be the

turning point from which there will be no return.

Mr. ROOSEVELT. Mr. Chairman, an extension of the Trade Agreements Act for the period of 5 years and a further grant of authority to the President for tariff reductions are absolute essentials in this year 1958. One very urgent reason for this extension is the current recession in the United States. Whether it will deepen or it is presently bottoming-out, are questions which no one can answer with certainty. One thing, however, we can be sure of that is that, as has been said so often, $4\frac{1}{2}$ million American jobs depend upon foreign trade. This year our exports have fallen off from the high peaks of early 1957. Should the American recession spread around the world, we may be sure our exports will be further and far more deeply affected. There can be no doubt that that would mean loss of jobs for thousands of Americans.

One of the best prospects we have for avoiding that kind of worldwide recession is by a declaration to the world, through the passage of this Ways and Means Committee bill, that we are prepared to continue a gradual and careful reduction of our tariffs, that we are not retreating to protectionism, that the American market is not closed to those producers among our foreign friends and allies who can present newer and better products to the American consumer. The kind of confidence that such a declaration would instill in businessmen and governments around the world might well be the best antidote that could be prescribed for the incipient recession abroad. Other countries would be encouraged to buy our exports. They would be encouraged to spend what dollars they have if we can give them the assurance that there will be ever-increasing possibilities for earning more dollars in the future. This 5-year trade bill can have, in that respect, a tremendous psychological effect everywhere.

We are told that in the midst of the recession, with substantial unemployment, we should reserve the jobs we have by restriction of imports. As I have indicated, it seems to me that because we have a recession is a reason of very great force for doing precisely the opposite. Our best jobs, our highest paying jobs are in our exporting industries. Those are our growing industries, industries upon which we must depend for more jobs in the future. Our work force is growing daily. If these men and women are to find jobs, they must find them in expanding industries.

We who favor a valid and adequate trade agreements extension are accused of every kind of softheadedness, of simple-minded idealism and addeledated one-worldism. Actually, the reverse is probably true.

In the face of the strong and sometimes vitriolic attacks of the high-tariff protectionists it takes a hardheaded and realistic person to continue to affirm support of this legislation.

America will not grow without the spur of competition. New jobs will not be created without new products and

new markets. This means economic expansion. For that expansion legislation must be in a form and for a duration of time which will meet the urgent demands for economic security.

Therefore I suggest to the Congress that it must turn its back on the narrowness and defeatism of a policy of trade restriction. Such a policy is retrogression and this is an era when we can afford no retrogression. We shall be told, of course, that this substitute bill will not lead to further trade restrictions, that all the trade agreements presently in force will remain in force, that no tariffs will be increased unless the industry concerned is threatened with serious injury.

I submit that this is not true and cannot be true. The provisions of the substitute bill are such as to unquestionably encourage applications to the Tariff Commission for higher rates of duty. Should the Congress pass this kind of a trade bill, inevitably the Tariff Commission would see the protectionist handwriting upon the wall. It would take no great subtlety for the tariff commissioners to understand that in passing this substitute bill the sense of Congress would clearly be that tariffs should be higher. That sense would not be lost upon the Tariff Commission, we may be sure.

In vain the President might try to stem the tide. We know, of course, that under the substitute bill no new trade agreements could, in practice, be negotiated even though they are authorized. A major question would be whether, in view of the very limited carryover authority provided in the bill, the President could make sufficient compensation to our trading partners for the tariffs he would have to raise and the import quotas he would have to impose, to prevent a complete breakdown of our system of trade agreements.

There can be no doubt of the effect that passage of this substitute bill would have upon the peoples of the world. What we would lose in terms of leadership, in terms of a general unraveling of the fabric of world trade, of loosening of the bonds of free world unity—these questions may go far beyond our present conceptions.

It is proper at this point to state affirmatively that this committee bill does not, of course, solve all of the problems of reciprocal trade.

One of the creative statesmen of our day, whose talents are not being used at the moment for the benefit of the Nation, Adlai E. Stevenson, has made some concrete proposals for a worldwide re-examination of the mechanics of free trade. This proposal, or something very much like it, is long overdue. Certainly, it is a reasonable question whether our present policy sufficiently emphasizes the means of raising wages and standards of living in other countries, or even makes appreciable progress toward that day when all nations, within a limited basis, will be on equal, competitive terms in the production of goods and services. But the raising of these questions does not indicate the abandonment of a program so well proven in past experience and so

necessary in light of the competition which totalitarian ideas are giving to the forces of freedom.

In view of the Soviet economic and political offensive which has been so vigorously pressed around the world in the last 2 years how can we conceivably turn our backs on one of the most effective programs we have to counter peacefully this effort? We have recently passed an authorization bill for foreign aid exceeding \$3 billion in cost to the United States taxpayers. It was necessary that we do this if only to meet the needs of our own security. We shall probably pass military appropriation bills this session exceeding \$40 billion, for the same reason. How then, if it is sound, under the circumstances, to spend such sums to keep our Nation secure, is it unsound to continue a peaceful program which has served us so well for 24 years—so well in fact that our export trade rose from \$2.1 billion in 1934 to \$19.5 billion in 1957. How is it unsound in the face of the greatest economic, political and military threat our country has ever known? Let there be no mistake about it—the substitute bill is not a substitute, it is a reversal. Let us not delude ourselves that in approving the Simpson bill we would be continuing the trade agreements program. We know we would not and the world knows we would not.

And the world is watching carefully what we do here. The direction in which that great and historic development, the European Economic Community will go, made up as it is of nations which are our closest friends and allies, depends very largely on the direction in which the United States Congress goes in this question of Trade Agreements extension. The Community will either turn inward upon itself, toward regional autarchy and self-sufficiency, or it will turn outward toward us and further strengthen the bonds of mutual interdependence. It can easily become a third, and neutralist force in a world now dominated by the two giants, or it can become increasingly what we have sought to make it over the past 12 years, a Community of nations closely bound to us in mutual security, mutual prosperity and mutual friendship. What we in the Congress do on this issue before us will have a far more critical effect on our future in the world than is pleasant to contemplate under the circumstances.

Equally ominous is the effect of a refusal on our part to continue the trade agreements program, on our relations with the underdeveloped nations of the world. We know, of course, there has been in the last few years a virtual revolution in awareness of the possibilities of material progress, among the peoples of three quarters of the globe. There is a rising consciousness of what can be achieved and a burning ambition—a demand to achieve it. The United States with its vast strength has responsibilities which it cannot shirk, to participate in the rapid development of these peoples—responsibilities which it cannot shirk if only because our very security is at stake. Any retreat now by the United

States to protectionism in the field of international trade could only be interpreted in every capital around the world as a withdrawal from the race, as a declaration that the United States was not prepared to participate or to aid in the new economic revolution, that the field was being left to the Soviet.

To make such a declaration or to so act on this trade issue that any nation or any people could believe that this was our implicit intention, is unthinkable. Let us make no mistake then and let us adopt this committee bill, in full recognition of the gravity of its implications for us all.

Mr. SANTANGELO. Mr. Chairman, I rise to support H. R. 12591, a bill to extend the President's authority to enter into trade agreements as proposed by the House Committee on Ways and Means.

I support this bill because I believe it will further and inspire our domestic economy, it will strengthen the economies of the free world nations, particularly those of the undeveloped countries, and will meet the threat of the economic warfare now being waged against us by the Soviet Union.

Our trade program must prove to our friends in the world that we are alive to the possibilities of aggression by opponents who cannot possibly offer the same concessions as we do. A challenge faces Congress to take a giant step and put our trade policy on the offensive as never before.

A liberal trade policy systematized for a long period of 5 years and buttressed with an additional 25-percent cut in tariffs will create a climate of optimism that can stimulate increased economic activity to satisfy the world's needs for trade and investment. Certainly the world will be better off if its activities can be directed into peaceful channels rather than in preparation for war. In my opinion, the time is ripe and opportune for an injection of hope for the future. Too many of the neutral and newly created nations have come to believe that the Communist bloc is showing signs of superiority over the Western World and that inevitably there must come a gradual integration with that bloc. Even amongst our allied and friendly nations sentiment is building up to the effect that if the Soviets can prove superior in scientific matters, such as intercontinental and outer-space missiles, sooner or later they themselves will be drawn into the orbit of the Soviet economic power. What finer weapon do we have to bind our friends together in this period of acute missile preparation than our trade act with its premise of enhancing the prosperity of the free world instead of contracting it?

It is axiomatic that by not continuing our liberal trade policies we run the risk of causing our free world friends to run into difficulties in their international transactions. Such difficulties will inevitably lead to a slackening of the defense effort of the free world and thereby cause even greater defense expenditures on our own home front.

Allow me to state for a few moments what I conceive to be the basic concept of our trade agreements program.

When Cordell Hull, who is the father of our reciprocal trade program, became interested in the whole field of foreign economic policy after World War I, he stated in 1919 that "the biggest factor in our domestic prosperity during the coming years will be our foreign trade." Cordell Hull spoke much for an interchange of ideas on trade so as to increase total imports and exports. But it was not until the lessons of the depression were learned, when economic stagnation forced the contraction of trade channels, that he was able to persuade Congress in 1934 to initiate a policy of reciprocity in trade and asked that the United States take the first steps by reducing tariffs and trade barriers.

Our lawmakers felt in 1930 that to combat the initial effects of the depression our tariffs should be raised so as to prohibit excessive imports from other nations and to protect our domestic industries. History proved how this highest tariff in our domestic economic policy contracted our trade. Hull called this tariff an embargo act and stated that his philosophy of tariffs consisted of a competitive tariff. In elaborating on this competitive tariff aspect, Hull stated at the Montevideo Conference in 1933 that an effective marketing and foreign trade policy should be multilateral because nations are systematically interrelated and interdependent in an economic sense with the result that international cooperation is a fundamental necessity. He further stated that "mutually profitable markets could only be obtained by the liberalization of the commercial policies of other countries." These sentiments gave rise to the reciprocal concept of our Trade Agreements Act of 1934 under which Congress delegated authority to the President to cut tariffs so as to stimulate international trade and to make agreements with other nations on a reciprocal basis.

Initially, the express purpose of this action was that the largest trading nation in the world would, by unilateral action, set an example which other nations could follow and it was hoped that this action might result in ever-increasing trade between nations. It can be said that the results of this action initiated in 1934 has been nothing short of spectacular. This act has been renewed and extended 10 times and is the keynote of our foreign economic policy.

Our current debate centers around the fact whether the act should be extended for 5 years and whether any crippling amendments concerning quotas should be allowed. Our Ways and Means Committee has held extended hearings on the President's proposals for extending this Trade Agreements Act and has recommended that the act be extended in the form as asked by the administration with the amendment that whenever the President does not see fit to follow the recommendation of the Tariff Commission in certain instances, we, in Congress, will have the opportunity to override his veto by a two-third majority and institute remedial measures if it is proved to our satisfaction that excessive importations of a certain product tend to hurt a domestic industry producing

like or competitive products. This is in opposition to those trade groups who assert that they are being hurt excessively and exerting enormous pressure on us as Members of Congress to hamstring this one program on which much of our foreign economic policy depends. In the light of our leadership, friendship, and assistance being rendered to the world in peaceful measures, I think at this time it would be most inopportune to vitiate our friendly trading program and substitute something which cannot but lead to retaliatory measures by others, even by some of our best allies.

The legislation which we are currently discussing will largely determine the role which our United States industry will play in the expanding world trade and will substantially affect the overall economic, political, and military relations of this country with other nations, not only of the free world, but also of the state-dominated policies of the Soviet bloc. I am convinced that seldom has any issue so loaded with potential international repercussions come before us and an issue which we will have to settle before the act expires on June 30 of this year.

I say that if we want to take the easy way out we can allow ourselves to be so influenced by a minority of opponents and by the pressure of a limited number of industries. I agree that some industries are hurt by excessive imports, but our President, with the advice of the Tariff Commission, has the procedures to alleviate the injury and to prevent harm to our domestic industries. It is easy to adduce reasons why we should not take a step that may cause some continuing hardship for certain domestic industries but, on the other hand, this step taken in the national interest will enhance our prestige abroad, will make many small nations currently feeling insecure under Soviet pressure know that we are their friends and, at the same time not cause us to cripple international trade by amendments which in the long run cannot redound to our own benefit.

In fact, the hearings before the Boggs subcommittee stressed the demand by certain vociferous minorities as well as by the protectionists bloc in our country that the act should not be renewed at all or if renewed that Presidential authority be so curtailed that his final action in our national interest cannot be on behalf of all citizens but, will be influenced on behalf of certain groups only. Much is said of returning to Congress the power to intervene in tariffs. This power is guaranteed in this act because we, the legislators, will certainly be able to override any Presidential veto if no tariff relief should be granted to specific industries. In fact, this relief is stronger than any relief given during the last 25 years—namely, tariffs may be raised 50 percent above the level existing in 1934. The present law sets January 1, 1954 as the base date. The protectionist bloc, I am sure, cannot ask for more than that.

Finally, may I state my belief that our American economy is a competitive economy and that this is the secret of our enormous success. We are living in

a consumer-directed economy which is the reason why it is the richest in the world. The man who buys is the one who calls the tune and the American consumer likes competition. We are also not self-sufficient because many strategic materials must be imported and if we fail to follow the course of expanding trade these very materials needed by our expanding economy may be cut off by retaliatory measures by other nations. We cannot afford to let protectionism strike at the very roots of our own interests in the world and in the peace of the world. In my opinion, our most overriding world interest is peace and peace historically travels the route of trade. If our commercial arteries are choked then the economic causes of war find a ripe breeding ground.

As far as I am concerned, this Trade Agreements Act is one of the best methods we have of achieving prosperity in peace and that to extend this peace we must renew our Trade Agreements Act because under it we increase the chances of the world to achieve better standards of prosperity and levels of living.

Mr. WITHROW. Mr. Chairman, the term "reciprocal trade" has a beautiful sound, and it really is a splendid idea. I favor it strongly. But, when we talk about reciprocal trade we should know what we are talking about. The word "reciprocal" means, according to Webster, "mutual" or something that is "shared, felt, shown, or the like, by both sides."

I submit there is nothing reciprocal in the bill which the House Ways and Means Committee has put before us today. I intend to vote for the substitute bill by Representative SIMPSON and others. I earlier introduced a similar bill. That measure would require some reciprocity in world trade. I urge my colleagues to vote down the committee bill which in my opinion would make possible even greater injury to some of our most important industries. It would add to, rather than lessen, world tensions. It would weaken the power of the Nation to defend itself against the forces which would destroy us by any means at their command. Let us not contribute to our downfall by enacting measures that would further weaken our power to resist.

There are many arguments that could be made against a continuation of present trade policies, which have brought many industries to the brink of disaster, and threaten loss of business and jobs in many more. I would like to direct your attention particularly to the lead and zinc industry.

We in Wisconsin are justifiably proud of our dairy and other agricultural products, but the State is important also for its mineral resources. In 1956 some 45 million pounds of zinc were mined in Wisconsin, but the sharp drop in price due to low-wage-produced imports, has virtually demoralized the industry. Last year all of the domestic mines in the country produced about 425,000 tons of zinc, but imports were 792,000 tons—the highest on record, and almost double the domestic production.

The lead tariff had been reduced 50 percent in 1943. Tariff was removed completely in 1948; reinstated at the 1943 level in 1949; returned to the pre-1943 level in 1951, and later that year to the 1943 level; removed completely in 1952, and now reinstated at the 1943 level.

Zinc tariffs were reduced 20 percent in 1939; 38 percent in 1943; 20 percent in 1951; abolished completely and then reinstated at the 1943 level in 1952.

Now we are asked to provide authority for still further reductions. This, mind you, for vital mineral products without which we could not maintain our national defense. If forced to depend on foreign sources, through the destruction of our domestic industry by ruinous foreign competition, we would be in an alarming position.

The lead and zinc miners of Peru and other countries who are taking our lead and zinc markets work at starvation wages as compared with American miners. Our wage and hour laws, employment compensation, social security, and other measures protect domestic miners from unfair competition among the several producing States. These laws protect against sweatshop conditions within the country, but they have no effect on cheaply produced imports. Employment in lead-zinc mining has been cut in half since 1952. Should we permit it to be cut still further?

Let me quote from the minority report on the committee bill—page 55:

Our Nation's first line of defense is its production. With political instability characterizing at least half of the free world, our Nation cannot adopt a policy which would increase our dependence on foreign sources for strategic or defense materials. Present policies encourage the maximum use of overseas production and the Trade Agreements Extension Act of 1958 would accelerate and broaden this policy. It would be folly for the people of the United States to permit any such thing.

The only sane approach to the cheap import problem is a tariff structure that will permit our industries to compete fairly in world markets. Our industries cannot be expected to live and provide their employees with continued high wages, if they are undersold in our markets by a flood of goods produced under the low-wage standards of such countries as Peru, Japan, and others.

With the present legislative situation, the most advantageous step we can take is to vote for the Simpson-Dorn-Davis-Bailey substitute to the committee bill.

The argument is often used that under the reciprocal trade agreements we dispose of huge amounts of agricultural products. This is not true. Those surplus agricultural products are handled under the authority granted under Public Law 480, which has nothing to do with the reciprocal trade agreements.

I shall vote for the bill if the Simpson amendment is adopted.

Mr. DAWSON of Utah. Mr. Chairman, on an issue which has generated as much controversy as reciprocal trade, it is perhaps inevitable that a great many inaccuracies should be circulated, in innocence or in guile. The erroneous

implication which I want to nail at this time is that anyone who indulges in reservations about our present trade program—as here represented by the committee bill—is opposed to reciprocal trade.

As one who holds such reservations strongly, I specifically deny that implication. I do so as one who has voted, admittedly with increasing reluctance, for each extension of the Trade Agreements Act which I have been in Congress.

But in past sessions, and again in this session, I have sought to amend the act to correct a glaring weakness. My amendment would have given Congress the final authority when the Tariff Commission, through escape clause investigation, finds that a concession made by the executive branch is crippling a domestic industry.

The point I want to emphasize is that this proposal would not add to the Trade Agreements Act one iota of protection for domestic industry that is not already in the act. Its only objective is to give effect to those safeguards which are in the existing act but which are being completely ignored in 2 cases out of 3. Is it being an opponent of reciprocal trade to try to make the act work as it was intended?

Now a similar provision is offered us in the Simpson-Davis-Bailey-Dorn bill, which I support in the hope that I thus can again vote for extension of the Trade Agreements Act.

As much as I am impressed by the importance, to ourselves and other freedom-loving nations, of an ever-expanding trade program, it is becoming increasingly apparent that our present trade policies are at or past the point of diminishing returns: not only the point where the overall economy of the United States begins to weaken, but where it weakens faster than its trade partners take on strength, to the overall detriment of the free world in its struggle to remain free.

It is one more case where we must regretfully conclude that we cannot have our cake and eat it, too. Along with all the advantages of liberal foreign trade policies there are disadvantages, and when the disadvantages begin to outweigh the advantages, it is time to adapt those policies to meet the situation.

There are few of us in this House who do not have reason to be acutely aware of what those disadvantages are. Where short years ago only an occasional industry—lead-zinc mining was the major one—was being seriously injured by foreign imports, now there are few corners of our country where one or more industries are not suffering the import miseries. These are not infant industries struggling for a foothold: most of them are long-established industries of the type upon which our country's leadership and greatness was built.

Neither are they so-called "uneconomical industries," unless it is uneconomical to pay an American worker a living wage. We have all heard numerous specific examples of how foreign sources can undersell American manufacturers of equivalent products; let me add one more. Recently, United Park City Mines Co. had occasion to call for bids on 20-

pound rail, f. o. b. Keetley, Utah, in 40-ton carload quantities.

Colorado Fuel & Iron Co. could deliver the rail from our neighboring State at \$9.02 per hundredweight. A German firm offered to deliver the rail at Keetley for \$7.55 a hundred.

Are our American steel plants one of those outmoded, uneconomic industries which, according to some sources, should be weeded out of the American economy? And where in the world, incidentally, are there more efficient, modern mechanized copper mining operations than those in our Western States where thousands of American miners have been laid off or put on a reduced workweek because of a production surplus which had its origins in our present trade policy?

This weakening process of our domestic economy grows deeper as it grows wider. We simply cannot at one and the same time maintain the highest wage and living standards in the world; tax our workers and businesses to the limit, and still compete with the rest of the world on a dog-eat-dog basis.

In theory, the Reciprocal Trade Act does not allow the serious damage to American industries which we have witnessed. When the Tariff Commission, after due investigation, finds that a complaining industry is being so injured by imports, it recommends steps to be taken to modify the trade agreement which has resulted in the injury.

Unfortunately, whether those recommendations are followed is left up to the same persons who made the trade agreements in the first place. The results were inevitable. The escape clause is rarely invoked. The Tariff Commission and the escape clause procedure have been set aside as so much window dressing.

To date, the Tariff Commission has recommended escape action 30 times, and only 10 times has the President then in office invoked any part of the recommendation. One case—lead and zinc, on which the Commission made a unanimous finding of serious injury—is pending, but the most hopeful eyes and ears have found no hint that favorable action will be taken.

The remedy contained in the Simpson bill can be objected to only on the grounds that the escape clause might be invoked too often, a supposition that either the escape clause is intended to be ignored, or that the Tariff Commission is in fact a High Tariff Commission.

The record does not support the latter assumption. Since provision for the escape clause was made in our trade act, the Tariff Commission has received 87 applications for investigation, 6 of which were dismissed at the applicant's request, and 4 of which are pending. Out of the other 77 cases, the Commission made a majority finding of serious injury in only 25 and in 5 others the Commission divided evenly a situation in which the Chief Executive can take either recommendation. In each of these five cases he decided against remedial action.

Mr. Chairman, I submit that the basic question we are facing here is how far we can go toward a free trade policy

without seriously impairing the economy of the United States. I urge adoption of the Simpson bill as the only course available to us for continuing the beneficial aspects of our reciprocal trade program without wrecking our economy in the process.

Mr. SMITH of Mississippi. Mr. Chairman, the merits and demerits of the bill before us and the proposed substitute have been debated at great length. I do not propose to enter into those arguments at the moment other than to say that I believe it would be disastrous to American business if we adopt the policy proposed in the Simpson substitute.

The tariff question is a great historic issue that has divided our country down through the years. I am greatly disappointed today when I see so many of my Southern colleagues turning aside from the leadership of the great statesmen of our section down through the years. For the benefit of my colleagues and anyone else who might be interested, I would like to include in the RECORD some selections from statements on the tariff issue made, first of all, by that greatest spokesman for the South, John C. Calhoun, and then by a series of great Mississippians who have previously served in the Congress—Jefferson Davis, James Z. George, Lucius Q. C. Lamar, John Sharp Williams, and Pat Harrison.

On a great issue like this, I think it is sound and proper to turn to the counsel of these great statesmen of the past who fought for the basic interests of our country, the South, and Mississippi.

Masterpieces on the Tariff, Copeland; quoting John C. Calhoun, pages 37-38:

"The Federal Government has, by an express provision of the Constitution, the right to lay on imposts. The State (South Carolina) has never denied or resisted this right, nor even thought of so doing. The Government has, however, not been contented with exercising this power as she had a right to do, but has gone a step beyond it by laying imposts, not for revenue, but for protection. This the State considers as an unconstitutional exercise of power—highly injurious and oppressive to her and the other staple States—and has, accordingly, met with the most determined resistance. I do not intend to enter, at this time, into argument as to the unconstitutionality of the protective system. It is not necessary. It is sufficient that the power is nowhere granted; and that, from the journals of the convention which formed the Constitution, it would seem that it was refused. In support of the journals I might cite the statement of Luther Martin, which has already been referred to, to show that the convention, so far from conferring the power on the Federal Government, left to the State the right to impose duties on imports with the express view of enabling the several States to protect their own manufactures. Notwithstanding this, Congress has assumed, without any warrant from the Constitution, the right of exercising this most important power, and has so exercised it as to impose a ruinous burden on the labor and capital of the State, by which her resources are exhausted, the enjoyment of her citizens curtailed, the means of education contracted, and all her interests essentially and injuriously affected."

John C. Calhoun in the United States Senate, on the passage of the tariff bill, August 5, 1842:

"No two things, Senators, are more different than duties for revenue and protection.

They are as opposite as light and darkness. The one is friendly, and the other hostile, to the importation of the article on which they may be imposed. Revenue seeks not to exclude or diminish the amount imported; on the contrary, if that should be the result, it neither designed nor desired it. While it takes, it patronizes; and patronizes, that it may take more. It is the reverse, in every respect, with protection. It seeks, directly, exclusion or diminution. It is the desired result; and if it fails in that, it fails in its object.

"I am now, Senators, brought to the important question, why should such a bill pass? Who asks for it, and on what ground? It comes ostensibly from the manufacturing interest. I say ostensibly; for I shall show, in the sequel, that there are other and more powerful interests among its advocates and supporters. And on what grounds do they ask it. It is on that of protection. Protection against what? Against violence, oppression, or fraud? If so, Government is bound to afford it, if it comes within the sphere of its powers, cost what it may. It is the object for which Government is instituted; and if it fails in that, it fails in the highest point of duty. No; it is against neither violence, oppression, nor fraud. There is no complaint of being disturbed in property or pursuits, or of being defrauded out of the proceeds of industry. Against what, then, is protection asked? It is against low prices. The manufacturers complain that they cannot afford to carry on their pursuits at prices as low as at present; and that, unless they can get higher, they must give up manufacturing. The evil, then, is low prices; and what they ask of Government is to give them higher. But how do they ask it to be done? * * * By putting down competition, by the imposition of taxes on the products of others, so as to give them the exclusion of the market, or at least a decided advantage over others, and thereby enable them to sell at higher prices. Stripped of all disguise, this is their request; and this they call protection. Protection, indeed. Call it tribute, levy, exaction, monopoly, plunder; or, if these be too harsh, call it charity, assistance, aid—anything rather than protection, with which it has not a feature in common.

"There never yet has been devised a scheme * * * however unjust or oppressive, for which plausible reasons could not be found; and few have been so prolific of such as that under consideration. Among them, one of the most plausible is, that the competition, which is asked to be excluded, is that of foreigners. The competition is represented to be between home and foreign industry; and he who opposes what is asked, is held up as a friend to foreign, and the enemy to home industry; and is regarded as very little short of being a traitor to his country. I take issue on the fact. I deny that there is, or can be, any competition between home and foreign industry, but through the latter; and assert that the real competition, in all cases, is, and must be, between one branch of home industry and another. To make good the position taken, I rely on a simple fact, which none will deny—that imports are received in exchange for exports. From that, it follows if there be no export trade, there will be no import trade. It is, then, not the imports, but the exports which are exchanged for them, and without which they would not be introduced at all, that causes, in reality, the competition. It matters not how low the wages of other countries may be, and how cheap their productions, if we have no exports, they cannot compete with ours.

"The real competition, then, is with that industry which produces the articles for export. * * * It is, in fact, a warfare on the part of the manufacturing industry, and

those which are associated with it, against the export industry of the community, and those associated with it.

"But, it was asked, what is to be done? What course does true policy require, to give the highest possible impulse to the industry and prosperity of the country, including manufactures and all? I answer, the very reverse of that proposed by this bill. Instead of looking to the home market, and shaping all our policy to secure that, we must look to the foreign, and shape it to secure that.

"We have, Senators, reached a remarkable point in the progress of civilization. * * * The result has been a wonderful increased facility of producing all articles of supply. * * * It results, that no people, restricted to the home market, can, in the present advanced state of the useful arts, rise to greatness and wealth by manufacturers. For that purpose, they must compete successfully for the foreign market, in the younger, less advanced, and less civilized countries. This necessity for more enlarged and freer intercourse between the older, more advanced, and more civilized nations, and the younger, less advanced, and less civilized, at a time when the whole globe is laid open to our knowledge * * * is one of the mighty means ordained by Providence to spread population, light, civilization, and prosperity, far and wide over its entire surface.

"The great problem, then, is, how is the foreign market to be commanded? I answer, by the reverse means proposed in order to command the home market—low, instead of high duties; and a sound currency, fixed, stable, and as nearly as possible on the level with the general currency of the world."

Jefferson Davis, July 21, 1846 (Vicksburg Sentinel); Davis, Letters, Papers, and Speeches, volume 1, pages 52-53:

"An analysis of the votes upon the bill to regulate anew the duties upon imports will show that its main support was derived from the agricultural and exporting States. To these in a pecuniary view it was the measure of highest importance. But whilst I rejoice in it for such consideration, because tending to advance the great staple interest of our State, and thus to promote the prosperity of all industry among us, I am not less gratified at it as a measure of political reform. In adopting the ad valorem rule and restricting its operation to the revenue limit, the great principle of taxing in proportion to the benefits conferred is more nearly approximated, and the power to lay duties is directed to the purpose of raising money, for which alone it was conferred in the constitution of our confederacy. Thus it was exercised by the fathers of our Republic in the first tariff enacted under the Federal Constitution; when for the benefit it would confer upon American producers and manufacturers they chose to raise revenue by imposts rather than direct taxation. Since then, as in the bill of 1842, (to be substituted by that lately passed through the House of Representatives), the collection of revenue has been the subordinate; the benefit to particular classes, the main object of duties. And the extent to which this was pursued was concealed by specific duties and minima valuations—rendering the law unintelligible on its face, and in many cases wholly prohibitory in its operation—destroying revenue but leaving taxation. A tariff "for protection" must discriminate against the necessities of life to favor manufactures in a rude or infant state; a tariff for revenue may, and generally would, impose its highest duties upon luxuries, for reasons so just and equalizing in their practical effects, that one could have no inducement to conceal the policy or shrink from its avowal.

"Commercial changes and the wants or superfluities of the treasury must require oc-

casional modification in the rate duties upon imports; but a salutary check is held by the people so long as all modifications are made by changing the rate percent on enumerated articles, by which it is seen at once what tax is imposed upon consumption, and whether or not the limit of revenue is passed.

"I trust we shall never again witness the spectacle, so revolting to every idea of self-government, of a law in which, by specific duties and minima valuations, the purpose and effect is as absolutely concealed as in the edicts of the ancient tyrant, which were written in a hand so small and hung so high as to be illegible to those upon whom they were to operate."

James Z. George, United States Senate, February 5, 1883; CONGRESSIONAL RECORD, volume 14, part 3, 47th Congress, 2d session, page 2092:

"That is exactly the way I look upon this protective tariff. I regard the taxing power of the Government as having been given for the equal and common benefit of all the people of this country; that it shall not be used for the purpose of advancing one interest at the expense of another. I say when you do this you usurp power not granted to you by the Constitution. I say, in addition to that, that try however honestly you may to make a fair and equal division of the benefits under the protective system, you cannot do it. Then I insist if I am overruled as I have been in this matter and we sit here for weeks and weeks simply dividing out the benefits of this power among the great interests of this country—I insist when you determine to do that, you shall divide them all around equally; you shall give every man his fair chance, every interest a just share, and if there be an interest in this country, as there is, that cannot receive its due share of the benefits of the taxing power by a protective duty, I insist that you give it a bounty to make your action fair. Give the cotton planter a bounty on his cotton; give the wheatgrower a bounty on his wheat; give the cornrower a bounty on his corn, and you cannot do this work fairly in any other way."

Lucius Q. C. Lamar, United States Senate, February 7, 1883; CONGRESSIONAL RECORD, volume 14, part 3, 47th Congress, 2d session, page 2194:

"Now, sir, the avowed object of the protective system is to counteract the superior attractiveness of agricultural industry and to divert capital and labor from it into manufactures. It is not protection against the competition of foreign pauper labor that the duties are levied, but against the competition of our own home agricultural industry. It is the competition of the industry which produces our exports, and which brings back imports in exchange, against which this tariff system is designed to operate, and hence its effects have never failed to arrest the increase of the production of wealth by means of agriculture, and to cause the profits earned in the field to be paid out to the forge and the mill."

John Sharp Williams, United States Senate, April 24, 1922; CONGRESSIONAL RECORD, volume 62, part 6, page 5901:

"Mr. President, some time ago I said upon the floor that I saw but one way to do what a great many Americans seem to want to do—isolate ourselves—and that was somehow or other to exterminate the populations of the other countries of the world, to get rid of them, and to get rich by swapping jackknives among ourselves. We cannot do that. I do not care about the particular items of taxation under this bill; it is the general principle involved about which I am concerned; the utter stupidity, the utter stultification of attempting to carry on a profitable international commerce without permitting the other nations

to sell us much of anything by making it too expensive for our suffering consumers to buy much of anything.

"How are you going to benefit a man who cannot sell his cotton, and his wheat, and his corn, and his other commodities, because the man, who under normal conditions takes the surplus in foreign commerce and buys it cannot now buy because he has neither cash nor credit, by saying to him, 'We close our markets almost hermetically to your products, to the fruits of your labor, to the only thing in the world with which you can either pay or buy'? Must not my cotton, then, year by year sell for less because its price is fixed by the price of the surplus in the world's market? Must not the wheat of the Senator from North Dakota sell for less and less the longer this condition exists for the same reason, although not in the same degree.

"What does this bill purport to do? It purports to protect manufacturer, agriculturist, everybody in the United States. Mr. President, in the first place, no bill is possible for human ingenuity to draft which can protect everybody without at the same time taxing everybody. If you protect me just as much as you do the Senator from North Dakota, and if you protect the wheat of the Senator from North Dakota and my cotton in no higher measure than you protect the products of the manufacturer of Massachusetts, and if you protect the mining properties of the West and of Pennsylvania to exactly the same extent that you protect the textile products of Massachusetts and the agricultural products of North Dakota and of Mississippi, then you have drawn up a bill which results in what? Merely in swapping dollars, minus the cost of administering the law; that is all."

John Sharp Williams, United States Senate, May 16, 1922; CONGRESSIONAL RECORD, volume 62, part 7, pages 7043-7044:

"There have been various theories of what a protective tariff ought to be. All of them have been wrong, because there ought not to be any protective tariff at all. A man who cannot make his living by the sweat of his brow or the ingenuity of his intellect or the inventiveness of his genius ought not to appeal to the Government to frame its laws so as to give him an advantage over the foreigner who has intellect, who has genius, or who has productive capacity. There is only one excuse ever given that has justified a protective duty upon any article, and that was the excuse given by John C. Calhoun. The things absolutely necessary for self-defense in war ought to be protected to the extent of giving an opportunity to produce them so that the country should not be defenseless in war. That is the only good reason ever given for a protective duty upon any subject matter. The balance of it is bare beggary, a bare confession of pauperism, a bare admission that the man asking it is unable to make his own living in competition with the world.

"Then there is the old idea of protecting infant industries. The only trouble about that is that the industries got to be older than the idea itself after a while and that some of them never did become of adult age. I do not know of any that ever have from the beginning of time reached adult age, from sugar in Louisiana down to cotton goods up in Massachusetts.

"They start with the idea of being raised on the bottle while they are very young, but they insist upon increasing the size of the bottle and the richness of the milk as they grow older. That is true as to every one of them.

"With the world owing us \$11 billion—a world that has neither cash nor credit where-

with to pay; having nothing but commodities; nothing but the things that it can produce on the farm or in the factory or in the mine—we are confronted with this bill which says to them, in effect: 'It is true you have no cash, and it is true you have but little credit, and what credit you have we must extend, for the balance of the world cannot extend it, because it has not the financial ability, and if we extend it we must extend it on security, and you have no security. It is true that the only way you can pay is from the produce of the farm and the mine and the workshop. We decline to let you pay in that way. We isolate ourselves from your products and your products from us. What we demand is a pound of flesh, and we will not have any blood with it, either; it must be pure, unadulterated flesh—gold flesh. We are standing upon a mountain of gold, and we do not want it to get away from us.

"We do not want to pay you anything; we want to trade with you in the way of having you buy all that we produce at a good profit, without having to buy anything from you, whether with or without profit. We are going to shut you out of our market to the very fullest extent of our ability.' That is the situation.

"Mr. President, I always did scorn to go into the details of the rates of one tariff bill as compared with another. It was always sufficient for me to know that a rate was high enough to give some citizen of the United States, through the exercise of the taxing power, an unfair advantage over the great body of the American consumers.

"How in the name of commonsense are we going to increase our trade with the world by shutting off their products in our market? How in the name of commonsense are we going to increase the ability of our debtors to pay us their honest debts by declining to take the products which are the fruit of the sweat of their brow and the result of their intellectual ingenuity? Now, how?

"Mr. President, there have been parties in this country, there have been parties in other countries, who in the presence of great emergencies have made asses of themselves, and I do not say this with a particle of bad feeling, because there is nothing personal in it. I merely say that the party in all the history of the world which, faced by a given situation inviting human solution of worldwide, human problems, has made the greatest ass of itself, is the present existing Republican Party. Faced with a deficient Treasury, faced with debtors that cannot pay us, faced with a bankrupt world, faced with restless labor and restless social conditions all over Europe and Asia, and partially in America, faced with a fluctuating exchange, called upon to solve these problems, they do it how?

"Faced with an unstable exchange growing out of the fact that all trade is one way, called upon to solve that problem, how do they undertake to do it? By saying to the debtor: 'We will not let you pay in anything except cash. We cannot give you credit unless you give security, and you have none, or but little,' and by saying to a world where there is immense unemployment of labor: 'Your salvation, it is true, lies in the re-employment of your labor, in making things and growing things and doing things with a profitable result, so that out of the product of your labor you can get cash or credit; we know all that, but we refuse to receive the products of your labor. You are nothing but foreigners.'

"Mr. President, what is the use of entering into details about a thing of this sort. * * * It is world-wide. You cannot get rid of it. There is only one way to solve it, and that is by mutual helpfulness; and if you attempt to isolate yourselves, not only politically but economically and every other way, how can you help the other fellow to meet his obligations."

Pat Harrison, United States Senate, May 17, 1934; CONGRESSIONAL RECORD, Volume 78, page 8, pages 8987-8994:

"One should never put himself in the 'I told you so' class, but this Chamber still echoes with the warnings made by some of us when the Smoot-Hawley tariff bill was under discussion here. Not only did we point out with prophetic vision the disastrous effect of increasing tariff duties, but we buttressed our appeals and prophecies with the views of the leading economists of the country.

"The proportion of the total international trade of the world enjoyed by the United States has declined more since 1929 than that of any of the 11 leading commercial countries. In respect to exports, the proportion enjoyed by 8 of the 11 leading countries has, indeed, increased. Thus, Germany in 1929 enjoyed 9.72 percent of the total world exports. In 1932 the figure had increased to 10.7 percent. In France the corresponding figures were 5.95 percent and 6.08 percent. The United States in the meantime had dropped from 15.61 percent in 1929 to 12.39 percent in 1932. If imports and exports are combined, Great Britain, whose export trade suffered a decline, increased relatively from 13.04 percent to 13.38 percent, while the United States declined from 13.83 percent to 10.92 percent. These figures tell a startling story. Had the United States maintained the proportion of world trade which it enjoyed in 1929, its imports and exports in 1932 would have been greater than the actual figures by more than \$750 million. That is something to give us concern.

"In 1929 the international trade of the United States amounted to \$9,640,000,000; in 1933 it had shrunk to \$3,124,000,000.

"Illustrations of this sort might be multiplied. But no matter what they are based on, or from what source they are taken, the result is essentially the same: the United States has led the world in the universal loss of international trade—a loss more complete than what history records to have been the case in any other economic depression.

"These cold facts form a compelling reason for passing the bill (Reciprocal Trade Agreements Act) which is now before the Senate. If ever reason dictated a clear course, this is the time.

"The enactment of the bill into law should mean increased trade; and only by increased trade can the full capacity of our industries which produce a surplus for export be profitably employed. It means freight for our railroads and ships. It means traffic for our ports. It means increased business in all activities which serve trade. All these propositions together mean increased employment, increased business, and a return of industrial and agricultural stability.

"We cannot shut out imports without at the same time shutting in potential exports. And when we do that we are reducing the standard of living of our people, throwing out of use untold acreage of productive soil, requiring the transfer of whole populations from their homes and from the scenes of their present activities to new and presumably less profitable employment in other sections. When you recall that the vast and important industries in this country, both agricultural and manufacturing, would have to curtail their operation and close down in some cases as much as three-fifths of their production if international trade should be cut off, you will appreciate the beneficial effect which must come from the stimulation of international trade this proposal seeks to produce. The cotton farmer; the worker in the automobile, machinery, and electrical-appliance industries; the farmer who raises hogs or wheat or rice or tobacco or numerous other necessities do not have to be reminded of these facts. They must have a market abroad. It con-

cerns vitally the well-being and the economic recovery of our entire country. Unless some constructive program is formulated and affirmative action taken, America will not regain the proportion of world trade which she has been steadily losing since 1929. We shall not regain business prosperity by a policy of drifting or doing nothing. We must act; and in order to meet existing world conditions and the competition of foreign nations equipped with efficient bargaining machinery and now winning the trade of the world away from the United States, the program embodied in the proposed legislation seems the most advantageous, if not the only practicable, program."

Mr. BATES. Mr. Chairman, if there are any areas in the country as widely affected by the influx of foreign imports as my own, I am not aware of them. Down through the years, it has been my constant effort to secure for the industries in my district some remedial action which could be beneficial to them. I must say it has been a difficult, and for the most part, a frustrating assignment.

It would be redundant for me to state that I recognize the importance of world trade. That aspect of the problem and its corresponding arguments have already been well advanced. However, I must emphatically state that there is no need to create a gap so that it must be one alternative or the other.

I have always felt that there is a middle ground where reasonable minds can meet on the subject. Yet, although certain avenues of appeal are presently in the law, and are also contained in the committee proposal, they are roads that are difficult to pursue and inevitably end in a blind and unfruitful alley. I submit that some action must be taken by this body which will impress upon those who participate in making trade policies that it is not quite heresy to grant relief when an industry is fortified by every economic justification for relief under the Reciprocal Trade Act.

The groundfish industry has twice received favorable decisions from the Tariff Commission and yet denied any relief. The last decision was unanimous.

Where is that point that is reached when consideration can be and should be given? How is "substantial injury" defined in terms of a specific case? Today, it is not my purpose to define that point but it does not appear unreasonable to assume that there should be no quarrel in recognizing the extremes. There are many industries which ask for relief when imports amount to only 5 percent of domestic production. I do not plead their case. Yet, there are others where imports have increased 1,400 percent and yet, they are ignored. I want to give you specific cases.

In 1941 the imports of ground fish into this country amounted to only 9.9 million pounds or 9 percent of domestic consumption. In 1957 these imports amounted to 141 million pounds or 60 percent of domestic production. In other words, fish imports have increased 1,400 percent and local production has decreased.

As recently as 1951, United States production amounted to 148 million pounds. In 1957 it amounted to only 95

million pounds in spite of a population increase of over 23 million people.

Is it free trade, and is it truly reciprocal when foreign governments subsidize their fishing industry? In fact, under our own foreign-aid program, we have paid for the building of foreign fishing fleets and provided them with the latest technological equipment. Only recently, Iceland bought from the United States counterpart funds certain fish-cutting equipment. Our own industry would like to have this equipment but unfortunately cannot afford it.

I have introduced in the House H. R. 11342 to establish quantitative restrictions in the importation of women's fur felt hats and hat bodies. In spite of two favorable decisions from the Tariff Commission, the percentage of imports now represents 61 percent of domestic production although they represented only 31 percent at the time the decision was made effective.

While it is true that a principal cause in the decline of domestic production was caused by a style change away from this type of hat, nevertheless, the local industry should not bear the brunt of this change. It would seem only fair that they should be afforded an opportunity to secure a fair portion of the market.

In the shoe industry, and particularly in women's and misses' shoes, in the period 1956-57, imports increased 114.7 percent in number of pairs and 64 percent in dollar value. In the same period, shoe exports decreased by 3 percent. A study of the trend during the first 2 months of 1958, indicates that the increase in the present year will be larger than even the alarming increase of the previous year.

There is no need for me to document the case further. Others will cover the problem relative to textiles and leather. It is not the language of the committee bill that causes me concern except for the extension for 5 years. Certainly it is much preferable than the present law. It is the application of the law, not the law itself, that creates the problem. We can and should have a liberal trade policy based upon a careful scrutiny of all industries and a flexible, not closed road for relief when the facts and figures indicate substantial injury. That is not the case today.

Mr. BOW. Mr. Chairman, an argument usually advanced as sort of a clincher by advocates of an extension of the Trade Agreements Act is that we need this to be able to negotiate with the European common market.

There are not too many of us perhaps who can understand the necessity of extending the act after we have studied all of the provisions of the agreement between France, West Germany, Italy, Belgium, Luxembourg, and the Netherlands. I suspect that some of the administration speakers may be using the argument without knowing themselves what they are talking about.

The bogey of course is that we will be cut out of all trade with these countries because they are going to become a unit, with all trade barriers dropped between them. While this may be the ultimate goal of the treaty, it is not ex-

pected that the goal can be reached until the end of 1970 or 1973, a period of 12 to 15 years. The 3-year uncertainty is based on the probable necessity of freezing the tariffs after initial reductions to protect countries that may be suffering.

The Economic Community has only been organized in recent months but inability to agree has already prevented the designation of a headquarters or a common capital, as some like to call it. If the plan is ever to achieve success these are some of the other hurdles these countries must face in addition to an agreement on tariff rates. Wages must be brought to a common level, currencies of all countries must be freely convertible, free movement of workers must be assured, taxes and laws governing business must be reasonably uniform, restrictions may be needed on the right of firms to establish themselves where they choose, means of furnishing capital may be needed, and there must be reasonable assurance of peace.

Considering all these stumbling blocks I am reminded that these same countries have spent several years trying to agree on some modifications of the NATO Status of Forces Treaty that would make it palatable to all to have Germany come under its provisions. When a treaty of peace was signed with Germany that nation automatically became a part of NATO. But some of the countries are still unwilling to subject their troops to each other's laws.

Great Britain refused membership in the Community in order to protect its system of preferences. Instead of joining this Community, Britain suggested that the countries in the Economic Community join with her and five other nations in forming a European free trade area to cut tariffs between themselves on an individual basis. This was to be a gentlemen's agreement. The six nations in the Economic Community got together to consider this proposal and at this conference the representative of France informed the others that France was bankrupt and could not participate at this time in any proposal which involved the cutting of her tariffs, including the proposed Economic Community.

So it would seem that the immediate threat from the European common market is not very great, and that if it is to be used as an argument for a 5-year extension of the Trade Agreements Act, it can be used again and again in the future.

It would also appear that if we are to negotiate with these six nations our principal function will be to help them make their agreement work—not to help ourselves. Our first duty will be to bail out France so she can go on. Another duty will be to finance some arrangement for the other countries to stabilize their currencies. And the third will probably be to put the capital into some bank created to finance industry in these countries.

Good old Uncle Sam will be used to make the European common market a threat to our own trade.

Mr. ASHLEY. Mr. Chairman, the international security and economic prosperity of the United States will be greatly affected by the outcome of to-

morrow's vote on the extension of the Reciprocal Trade Agreements Act.

Looking beyond our own immediate economic interest for the moment, I submit that the outcome of this debate will test the sincerity of United States foreign policy. The resounding vote of approval which this body accorded our mutual security authorization bill only 2 weeks ago indicated clearly the favorable and enthusiastic disposition of the Members of this House toward our policy of strengthening the economies of our friends in the free world. The interests of the people of the United States and the interests of all the people of the free world demand with equal urgency that Congress now extend the Reciprocal Trade Agreements Act—and without crippling amendments.

Nothing that this Nation can do will have so devastating an effect on the economy of the free world as the adoption of, or a reversion to, a policy of protectionism and economic isolationism. Nothing, on the other hand, will contribute more positively and constructively to our good will and prestige abroad than the encouragement and expansion of free international trade. Every American product that goes abroad not only constitutes a powerful advertisement of the effectiveness, ingenuity and productive capacity of our democratic free-enterprise economy, but demonstrates as well to the community of the world, the sincere interest of America and Americans in the economic and social welfare of all the people of the world.

It is this basic rationale and concept which has motivated my consistent support of reciprocal trade in the past and which shapes my reasoning today with respect to H. R. 12591. I have always held to the fundamental belief that a free flow of trade between our country and the countries of the free world—a flow of trade unfettered by prohibitive duties and restrictive import quotas—not only enhances our reputation abroad but serves the best interest of the American people by promoting the overall economic prosperity of this country.

The capacity of the United States to produce an abundance of raw materials and manufacture a great variety of goods far exceeds our domestic demand. To see how tremendously important export trade is to this country we have only to look at the \$19.5 billion worth of goods which the United States exported in 1957. This export trade not only pipes profitable dollars into the American economy, but also provides an indispensable outlet for our phenomenal farm output, siphoning off over half of our total wheat, cotton, and rice production. Our export trade is equally important to the American manufacturing industry, since we ship out about one-fourth of all our construction and mining equipment, one-fifth of our motortrucks, and one-tenth of our machine-tool production. It follows, then, that full employment in this country is greatly dependent upon our ability to maintain and develop foreign markets for the export of these products.

In contrast to our \$19.5-billion export total, our imports for 1957 totaled only \$13 billion, or \$6.5 billion less than our

exports. Among these imports were certain raw materials essential to our manufacturing and fabricating industries, such as nickel, tin, mica, asbestos, and so forth. Still others were food items, such as coffee, tea, spices, cocoa, bananas, and other fruits which we do not produce but without which we would not find life nearly so pleasant. Not only does foreign trade make it possible for us to enjoy these products, but the fact is that unless we import them the countries to whom we export would not have the money to pay for our exports. Thus, by importing these products we make it possible for other countries to buy a very substantial portion of our production and, at the same time, provide a profitable outlet for American industrial and agricultural surpluses.

There is, however, a group of imports which does not enjoy popular esteem. These are the imports which are in direct competition with American manufactured goods and which, it is alleged, deprive Americans of employment opportunity and job security. Much is made of the displacement of workers because of import competition. It has been estimated that approximately 3.1 million people are engaged in varied activities incidental to our export trade. Similarly, 1.3 million workers are necessary to our import activities. As I have said, if we did not import as much as we do, we would soon impoverish our overseas customers so that they would be unable to continue purchasing our products and our domestic exporting industries would inevitably decline. Unemployment would follow as well as a contraction in purchasing power and the American economy as a whole would suffer.

When we consider the enormous total of our export trade, we must conclude that overall employment gains from foreign trade far exceed losses in employment which can be ascribed to competitive imports. Thus, by restricting imports, we not only impair the ability of foreign customers to buy the products of our own industry but we undermine the American economy. This is neither good economic policy nor sound diplomacy.

Actually, the only moral basis for opposing a liberal trade policy stems from the apprehension that imports will undermine the American wage structure. This apprehension is based upon the knowledge that American wage rates are high and legally enforced by minimum standards, whereas foreign imports are often produced at sweatshop wage rates which gives them a competitive advantage in the American market.

It must be recognized, of course, that American wage standards are high. But with respect to labor as a factor of production cost, there are many factors in addition to wages that enter into production cost and help to determine competitive advantage or disadvantage. The measure of that cost is not the wage rate per hour but the labor cost per unit of production. The distinctive factor of the American productive economy is that we have high wage rates but low labor costs because of the high productivity we have developed in this country.

The importance of the distinction between wage rates and labor costs is emphasized by the fact that the United States, although it has the world's highest wage standards, is the world's largest exporter and significantly enough it is the highest wage industries not only in America, but throughout the world, which tend to meet foreign competition most successfully in the world markets. This country could not possibly be the leading export country if high wage rates in themselves constituted a competitive disadvantage, and there is ample evidence that high wage rates are not the deterrent in foreign trade that some industries would have us believe.

We must recognize, however, that as we promote our technological know-how and peddle our industrial efficiency and productivity abroad—as we are doing and as I believe we should continue to do under the economic and technical assistance provisions of our mutual security program—we must anticipate that both the quality and productivity advantage which we now enjoy cannot be sustained and the time may not be far off when we will not be able to so successfully compete for world markets. In fact, some industries maintain that that time—for them at least—is already here.

For those industries which are hard hit by the impact of increased imports resulting from tariff reductions, remedy is provided in the peril point and escape clauses of the existing trade-agreements statute, which require the Tariff Commission upon application of the injured industry to hold public hearings, to investigate the conditions of the industry and the extent of injury. If the claim of injury is justified, the Commission recommends to the President that a tariff adjustment or a quota restriction be imposed and the President may accept or reject the recommendation of the Commission. To date, of 82 applications for relief, the Tariff Commission has recommended 25 for approval but only 7 have been granted by the President.

The bill before us, H. R. 12591, strengthens the safeguards against injury to domestic industries and the existing provisions for remedy to industries threatened by import competition in two ways: by limiting the time and by streamlining the investigative machinery of the Tariff Commission; and by providing that both Houses of Congress may by a two-thirds vote put into effect the recommendation of the Commission, or in other words, reverse the President's rejection of the Commission's recommendation.

But we must still face up to the eventuality that injury from import competition will continue to reflect certain natural advantages, such as capital investment, cost and availability of raw materials and fuel, and productivity. We must come to recognize that such natural advantages cannot be equalized by tariffs and that protectionism can only prove to be a double-edged sword.

But I believe, Mr. Chairman, that all of us must give careful consideration to whether or not low foreign wage rates constitute a natural competitive advantage.

Certainly all of us here in Congress have an implicit obligation to protect the job security of American workers and the economic welfare of American industry. It is for this reason that I believe that the Federal Government has a moral obligation to encourage and assist in the economic readjustment of individuals, businesses, and communities to new fields of production where the natural advantages of domestic or foreign competition result in unemployment and economic distress. This assistance can take many forms in technical assistance to a company to determine what new lines of production would be profitable; rapid amortization benefits for building new plants; loans for capitalizing new equipment. To individual workers who have been displaced we should extend unemployment insurance, reduce social security retirement to age 60 for older workers, retrain younger workers and set up placement programs; for the community we can provide overall technical assistance and information for community and area redevelopment.

But if low foreign wages are to be construed as something other than a natural advantage to the foreign manufacturer, then it will be the responsibility of Congress to see that our American trade policy does not penalize domestic manufacturers whose worst sin may be that they pay high wages and otherwise provide good working conditions and a high standard of living for their employees.

Mr. Chairman, the legislation before us today poses many difficult problems. As I stand here, I am convinced that the committee bill must be passed without crippling amendments if the best interest of our country is to be furthered. At the same time, however, we must be aware of the problems that will continue to plague us and we must have the courage to seek solutions to these problems.

Mr. REED. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman and members of the Committee, here we are again in what has come to be a recurring controversy ever since the Reciprocal Trade Agreements Act was first passed in 1934. I am sure I do not need to remind my colleagues that this controversy is divisive; it is divisive not only here in the Congress of the United States but all over the country. Good people, good, honest people, have differences of opinion as to just what ought to be done. Those are honest differences, and certainly every one of us should respect them.

I may say in a lighter vein that possibly if we do extend this program for 5 years, we will not have to be contending with it again for that length of time, which would be some advantage, to say the least.

As this program has been in operation I have noted with great interest the geographical shifting of support and opposition to the program. I can recall in the earlier days when the position of the South was all for free trade, and then textiles moved south and today we find a

completely different situation in many places. And, I suppose that is the result of a conviction that certainly, within limits, every one of us has a responsibility to do what he thinks is best for the people he represents.

Now, basically I think everybody in the country wants foreign trade. Maybe I should amend that to say that everybody wants foreign markets for our own products, if we can find those markets. I know that is true in the Middle West, the area from which I come, because the Farm Bureau and other people have pointed out to us that one of the things that is causing difficulty on the agricultural front is the loss of foreign markets. So, there we understand it is good to have these foreign markets. Many jobs and much income depend upon the production of goods and commodities, agricultural and industrial, that will go into foreign trade. So we are all, as I say, in favor of foreign trade. But, sometimes, it seems to me, we are all for governmental economy, that is, we are for governmental economy if you take the "me" out of it, and there is where we get into trouble. I have had some men come to see me about this program and about this legislation, and I pointed out to them that in their particular field the exports far exceeded the imports. But they said, "Don't do anything to offset those exports; we just love the exports, but we do not like the imports." It seems to me essentially that if we are going to have exports, then somewhere we are going to have some imports. Certainly, then, the big question is how can we promote desirable foreign trade and not bring about an undue disadvantage at home, and that really is the nub of this whole controversy.

Now, the Reciprocal Trade Agreements Act itself is the machinery by which we undertake to promote foreign trade in the interest of our own people. Back in the 80th Congress—and many of you were here on my side of the aisle—you will recall that the Reciprocal Trade Agreements Act was running out in 1948. I was the House majority leader in that Congress, and believe me, a lot of us were doing a lot of soul searching to determine what we are going to do about the program. We had the matter of extension before us. I would like to point out, particularly to my friends on my side of the aisle, that it was at that time that we developed this philosophy, this machinery of the peril point and the escape clause. That mechanism was developed by two of the greatest men who ever served in the other body, Vandenberg, of Michigan, and Millikin, of Colorado. They developed the program. I have here their statement and, as it will take but a minute, I should like to read what their analysis of the situation was. They said this in a joint statement:

There is considerable sentiment for procedural improvements leading to more certain assurance that our domestic economy will not be imperiled by tariff reductions and concessions. * * *

That under the Tariff Act of 1930 and the amending Reciprocal Trade Act there is ample authority for establishment of procedures by the President, without further legislation.

And that is what they were calling on the President to do.

That to the extent such Executive safeguards are provided, claims for legislative actions are obviated.

We believe that the following measures which may be put into effect by the President out of his existing powers would afford improved safeguards and would, without damage to legitimate reciprocal trade negotiations, allay many of the fears that have been mentioned:

(a) The United States Tariff Commission to review all contemplated tariff reductions and concessions in all future trade agreements and to make direct recommendation to the President as to the point beyond which reductions and concessions cannot be made without injury to the domestic economy.

That is the peril point we talk about.

(b) Inclusion of escape clause in every trade agreement hereafter entered into or renewed whereby the United States, on the initiative of the President, can withdraw or modify any tariff reduction or concession if in practice it develops that such reduction or concession has imperiled any affected domestic interest.

As I say, that plan was developed. Why was it developed? It was felt at that time that we needed not only machinery to promote foreign exports but machinery to be available to protect domestic enterprise, industry, agriculture and labor, from undue disadvantage and serious injury.

Now I should like to read a short statement, only to point out that we are committed to the development of foreign trade and likewise to the protection of domestic industry and agriculture. In 1950 we worked out a Republican declaration of principles and policies. The late Senator Robert Taft was the chairman of the Senate group and I was the chairman of the House group. In that statement we said this:

We favor the promotion of world trade on the basis of fair and reasonable competition and we assert that this can be done within the Republican principle that foreign products of underpaid foreign labor shall not be admitted to this country on terms which imperil the living standards of the American workman or the American farmer, or threaten serious injury to a domestic industry.

Certainly in the application of the peril point and the escape clause there should be sympathetic consideration to the needs of our people here at home. While I believe that situation has been improving all the time, I would be less than frank if I did not say to you that on occasion I have protested some of the decisions that have been made. I hope that we will see an improvement in the application of the peril point and the escape clause.

There is one industry in my district that is concerned with this legislation. They have been down to my office in recent years; they have made representations to the Tariff Commission as to certain proposed tariff reductions. I have helped them as I could. They have been successful so far in avoiding what might otherwise have been a really serious threat to them. So, as far as I am concerned, while I am supporting this bill, at the same time I shall vigorously insist wherever I can that these provisions that are written into the bill are

given very sympathetic consideration. And may I say, having voted for this program before, with other Presidents, as far as I am concerned, now I have my President in the White House and I do not believe that any President would ever feel while he was in that Office that he wanted to preside over the liquidation of any important segment of our economy. So far as this particular committee bill is concerned, it has been improved in numerous ways. These improvements have been pointed out in the report, and I think, certainly, a great advance was made when the provision was put in the bill for congressional review of Presidential rejections of Tariff Commission recommendations. Certainly, that gives us a chance to further exercise authority if such exercise is deemed desirable.

Mr. Chairman, I have looked over the substitute of my good friend, the gentleman from Pennsylvania [Dick Simpson]. When I say he is my friend, I mean I am his friend and there is no one in this body who holds him in any higher respect than I do. Certainly, for me to disagree with him is not a pleasant circumstance for me, to say the least. As far as I am concerned, I am convinced in my own mind that his substitute bill is too restrictive; that it goes too far, that it would do irreparable harm. I do not believe it is geared to the necessities of this day and age either here or at home, and I do not believe it is geared to our necessities abroad. Certainly, there is one feature of it that I cannot go along with. My view is that the provision for final determination by the President, with this added provision for congressional review, if such is deemed advisable, is the way we should leave this matter. In reaching its findings and recommendations, obviously, the Tariff Commission has a limited responsibility under the escape clause to which I have just referred. The Commissioners are charged solely with ascertaining whether serious injury or threat of serious injury exists. The President, on the other hand, has a much broader responsibility than that. At the outset, may I say the President of the United States is our Chief Executive, he is the Commander in Chief of the Armed Forces, he is the official primarily responsible for the conduct of our foreign affairs, and to say the least, foreign trade is a vital part of the foreign policy of the United States. When the President acts on one of these recommendations, he must consider the Commission's report, of course, but he has other relevant factors that he must take into account. These include the impact of actions as may be recommended by the Commission: first, on our national security arrangement; second, on the needs and requirements of other domestic industries; third, on the export markets of American industry, labor and agriculture; and, fourth, on the needs of the great consuming public of this country. Now it is up to him from his vantage point and from his position of responsibility to judge the effectiveness of the proposed remedy for the industry con-

cerned. Finally, the President must conscientiously bear in mind the effect of escape clause action on the successful carrying out of this country's foreign policy designed to build peace—just and lasting peace in the world. So, to my mind, these considerations go beyond the considerations of the Tariff Commission. It is the responsibility of every one of us and also of the President, but I think it is one that he should continue to bear.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to our distinguished majority leader, the gentleman from Massachusetts [Mr. McCormack].

(Mr. McCormack asked and was given permission to revise and extend his remarks.)

Mr. McCormack. Mr. Chairman, the question of reciprocal trade agreements is one that goes back to the days of William McKinley. In a sense, it had its origin in a famous speech that William McKinley made during his administration. It is true that he suggested selective reciprocal trade agreements, but nevertheless the theory of reciprocal trade agreements originated with William McKinley. Our late friend, the former distinguished Secretary of State, Cordell Hull, is the author of the reciprocal trade agreements law that is now upon the statute books.

The bill before us is an extension of the Hull Reciprocal Trade Agreement Act. I was a member of the Ways and Means Committee when the Hull reciprocal trade agreement bill was before that committee. We all know the history of it at that time. The Smoot-Hawley bill had passed only a few years before. We got the results of that not only in our own country but throughout the world—barriers created against American exports abroad and the use of artificial exchanges and many methods that other countries were compelled to resort to as a result of the high tariff barrier that the Smoot-Hawley bill created against imports into the United States. At that time it was an economic question; a question of trying to bring about freer exchange of world trade in a sound and constructive manner, and beneficial results have flown. You and I know that some American industries has suffered as a result of it, but that is no reason why we should fail to pass the bill before the House today. Any result adverse to American industry should be met in some other way. I have repeatedly said that American industry that is adversely affected should receive compensatory considerations in some other way other than defeating the Reciprocal Trade Agreement Act, or by the adoption of an amendment or substitute which would be tantamount to a defeat of the bill.

In the 1930's it was addressed, from our own angle and the world angle, to the economic field. Today this bill is the keystone of our foreign policy. If this bill fails to pass or if it is crippled through amendments—and in my opinion the Simpson amendment will be construed as a crippling amendment if adopted—it would have a serious effect on the stand of the United States in the

world today. In my opinion, it would have a crippling effect on our foreign policy. Each and every one of us is charged with a duty of first doing those things that are for the national interest of our own country, and in the world today we have got to steel ourselves against influences that are honest, but looking at it from a personal angle rather than from the national interest of the United States.

I have had friends of mine contact me, as have others, and I have frankly told them that if they succeed it would be the worst thing that could happen for the United States, to have this bill fail to pass; or, second, have an amendment adopted of a crippling nature, where the world would know that an ineffective law had been passed by this body. I try to think in the world today, with the few friends we still have, what would be the result if a crippling amendment is adopted to the bill that is before the House. Certainly, in my opinion, the result will be such with the adoption of the Simpson amendment, and it will be crippling. So, recognizing the world situation from an economic angle, in my mind it is of paramount importance from the angle of foreign affairs that we pass the bill that has been reported out of the Committee on Ways and Means, because any other action would have a disastrous effect upon the national interest of our own country.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. McCormack] has expired.

Mr. REED. Mr. Chairman, I yield 20 minutes to the distinguished gentleman from Pennsylvania [Mr. Simpson].

(Mr. Simpson of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. Simpson of Pennsylvania. Mr. Chairman, I am rather forced to the conclusion that there is opposition to the bill which I shall offer as a substitute by a goodly number of people who have not read the bill; and I respectfully suggest they have accepted the word, possibly from the departments, of those who undertake to explain the bill without having taken the trouble to familiarize themselves with its provisions.

Let me say, first of all, that there is nothing in this bill which I shall offer which in any respect whatever affects existing trade agreements, whether the word "reciprocal" be attached to them or not. Every single agreement under which it is claimed that some 4,500,000 people enjoy employment, every single agreement will remain in effect even as it is today.

I favor all the foreign trade possible just as I favor all the domestic trade possible, but I do not believe it is right to create a condition of unemployment in any part of the United States and ship goods to any Member's district to provide employment to some man working abroad. In other words, I will say this: I am averse to unemployment anywhere in the world, and I do not want it, I deplore it; but I have to add that I prefer that unemployment be somewhere other than in the United States.

The distinguished chairman of our possible, but I do not believe it is right kansas [Mr. MILLS] was, as usual, exceedingly honest with us throughout the lengthy hearings. I commend him for permitting all interested parties to testify; recognizing, of course, that in order to conserve time we had to request individuals representing industry to speak rather than let each individual firm come in, as some wanted to do.

Consequently, the gentleman was correct when he said that numerically more people did appear testifying in behalf of the committee bill than in opposition to it.

I want to commend the gentleman associated with me in the preparation of my bill, the gentleman from West Virginia [Mr. BAILEY], the gentleman from Georgia [Mr. DAVIS], the gentleman from South Carolina [Mr. DORN], the gentleman from West Virginia [Mr. MOORE], and many others, who worked together in helping to draft the substitute which I shall be pleased to offer a little later.

I noted as the hearings were going on that every person appearing on behalf of the committee bill had what I call, for want of a better term, a personal interest in the legislation. They were representing one of the departments, they are solidified in their jobs down there, or they were representing some industry which either is a large exporter or one of these companies of ours that has gone abroad, hired cheap labor, and is shipping the products into the United States.

These markets were formerly serviced from the United States, but cannot now be serviced here because the goods are manufactured more cheaply abroad.

And, Mr. Chairman, the witnesses who appeared in opposition to the bill, the ones who are supporting the substitute which I will offer, they, too, have a personal interest in the question of the authority in the executive branch of the Government to make trade agreements. But their personal interest is somewhat different; it is the interest expressed in my congressional district and in yours by unemployed people who were formerly engaged in businesses, who are being put out of business because of imports of like or similar products from abroad; and you know who those people are.

That personal interest is expressed by industry owners, stockholders, and other business people who see their businesses today being forced to close down or to otherwise meet unreasonable competition from abroad as a result of unwise reductions in existing tariff rates. Representatives of one of the greatest corporations in our country, a corporation making millions and millions of dollars per year, testified before our committee against the 5-year extension proposal. They appeared not on account of their own personal interest, for they have but a "peanut" interest dollarwise in the tariff, but because the national security was involved. That great corporation through its president testified, Mr. Chairman, that the bill should be amended to assure that in the national security, which is paramount to any interest in our country, there should be protection with certainty. I repeat, that is the kind

of personal interest which my bill expresses.

I want to make an unqualified, unequivocal, positive, definite, and conclusive statement, and I think I will add the word "challenging," and ask anyone of the opposition, and those who have supported the committee bill, on their own time, or I will yield for that purpose now, and tell me where in the bill there is one point which guarantees with certainty that when an injury has been proven to the satisfaction of the Tariff Commission that relief will be given to the person who has made complaint, either the worker who has lost his job or the industry. I repeat, there is nothing in the bill which provides the slightest certainty of relief for an American industry where injury has been proven.

Oh, someone may get up and say: "Well, there is congressional review in this bill"—this is a legal question that was handled so capably by the gentleman from Tennessee [Mr. BAKER] yesterday—"a congressional review which says that if two-thirds of the Members of this body and the other body pass a bill, then that which the Tariff Commission recommended shall become effective and there will be relief."

Really, that is a clever piece of writing. It was not written by any Member of this body, and, with due respect to our committee, I suggest that the committee did not have time to properly analyze it because it provides a number of means by which the executive branch of the Government can control the bill. The executive branch of the Government, after the Tariff Commission recommends relief, by simply keeping quiet and doing nothing in effect says to Congress: "If you want any relief for an industry which has proven injury—that is, suffering seriously—then two-thirds of both of your bodies have authority to so instruct the President."

The President could in many instances be a little bit careless, and instead of assuming responsibility at the White House level, say: "I am going to send it back to the Hill and let Congress by a two-thirds vote declare by this so-called congressional review it is going to give relief to that industry."

I do not think it is practical or possible to get a two-thirds vote on any resolution when first introduced. The effect of this provision, instead of helping make more certain relief for the injured industry or employee, would make it still more difficult. If the President controlled one-third of either body, 32 Members of the other body, he could effectively, if he were so inclined, deny relief continually under the two-thirds rule.

To change the approach for the moment, the Ways and Means Committee is interested at all times in tax relief. We would like to provide tax reductions. The administration has asked for a tax reduction in the case of small business. Our committee has been meeting with representatives of the Treasury Department trying to work out a way to aid small business. We finally came up with a figure of \$150 million representing the maximum we could do for small business

this year. And, with great credit to the gentleman from Arkansas [Mr. MILLS], chairman of our committee, and others, we urged and I believe we are approaching now the figure of about \$200 million, which might be in the bill the committee will bring out to help small business all over the United States. How many of you realize that present tariff rates contribute \$800 million a year in revenue? This bill, authorizing a 25-percent reduction, if made effective over the next 5 years, would cost the Treasury \$200 million annually, not for the benefit of small business here, but for the benefit of people abroad who are presently shipping goods into this country.

And, one thing more, in order to avoid doing what the Tariff Commission recommends to assist the miners of the country who dig out the minerals so essential to our national security, the proponents of the committee bill have come up now with a proposal to pay a subsidy which would amount to \$200 million the first year and I do not know how much in later years. This \$200 million would not be necessary if we were to follow the Tariff Commission recommendation. The \$200 million for this subsidy added to the \$200 million in tariff revenue we would obtain by not reducing tariffs further would make possible substantial tax reductions.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield to the gentleman from West Virginia.

Mr. BAILEY. Under the Truman administration back in 1951, when the American oil people operating in their foreign possessions in Venezuela and Saudi-Arabia all sought to invade and take over the markets of soft coal, they negotiated a foreign-trade agreement with Venezuela, and President Truman at that time broke a 3-3 tie of the Tariff Commission in favor of that treaty, and it reduced the import duty on oil from 21 cents to 5¼ cents. Talk about revenue. That cost the Government in the way of revenue on residual and crude oil alone \$384 million.

Mr. SIMPSON of Pennsylvania. I thank the gentleman. He mentioned Venezuela. I think it might be well to recognize that for a number of years Venezuela has been pointed to as a great example of the friendship created as a result of the operation of the trade agreements program. Recent events require that we do some serious thinking on this score. I suggest that most countries respect the United States because we have carried out policies known as free enterprise and have shown a willingness to work with other people. This is not to say that we must sacrifice the good of this country in favor of any other.

Now, the escape clause was mentioned by the gentleman from Indiana [Mr. HALLECK] as one of the major contributions by Congress to the trade agreements program. It was not written by the Departments. It was written into the bill by the Congress to provide a means of relief for an industry which came to the Tariff Commission and

proved serious injury. It was put there for that purpose, and the Tariff Commission was authorized to make recommendations. Members of Congress anticipated, I suggest, that the executive would carry out that policy. Unhappily, that has not been the case. In all but a few instances, where the escape clause has been used, the industry which was presumed to benefit as the result of this procedure did not get the kind of relief which would have permitted that industry to regain its position in this country of ours. Today, instead of doing what is recommended by the Tariff Commission, we seek all kinds of devious devices. I will speak about that after I yield to the gentleman from Connecticut.

Mr. PATTERSON. Mr. Chairman, I just want to say to the gentleman from Pennsylvania that he should be commended for the very hard work he has done in trying to protect American industry and, furthermore, that in protecting American industry, he is making secure the jobs of our working men and women of the country. I happen to represent an industrial area and I have a great many sick industries in my district at the present time; for instance, the brass industry and the watch industry. I could go on and on and name others. Again I want to say to the gentleman that I think he is doing an excellent job and deserves the commendation of the House.

Mr. SIMPSON of Pennsylvania. I thank the gentleman. The Tariff Commission under the escape-clause provision may make recommendations as to what should be done. They could recommend, for example, an increase in the duty. They could recommend the imposition of a quota on imports. They could recommend licensing. They could do various things. But as soon as they do any one of those things, the executive branch, instead of accepting the Tariff Commission recommendations, tries to think up something new. The one they use most often is delay, simply do nothing, let time pass on and on and, in the meantime, the American industry involved becomes more and more depressed. With respect to some industries, for instance, in the petroleum industry, and without congressional authority, and perhaps, with some question of violation of the antitrust laws involved, they came up with what they call voluntary agreements.

They worked out a method by which the oil companies may get together, and agree among themselves or with the President, as the case may be, that they are going to limit oil imports. But whatever is done voluntarily may be rescinded, may be withdrawn at any time. There is no certainty in such an agreement. And the American producers of petroleum have no certainty whatever that next month they will have even as many as 6 or 7 or 8 days in which they are permitted to produce petroleum from a well in Texas or Oklahoma. That is an agreement voluntarily made by Americans with their own Government.

The next method they have proposed is exemplified in the case involving stainless steel flatware. A recommendation by the Tariff Commission proposed that

relief be given to the stainless steel flatware industry because imports from abroad were causing serious injury and causing great unemployment. The executive branch of the Government, instead of following the recommendations and limiting imports into the United States, sat back and said, "Let us wait 7 or 8 months and see whether Japan, the country involved, will not voluntarily agree to limit the quantities of this item which may be shipped into the United States." Again I point out that such an agreement, made voluntarily by the Japanese, can be undone over night. It gives no certainty, no security to any worker, to any industry, or to any businessman who contemplates investing in that segment of our industry which produces stainless steel flatware.

Mr. CRETELLA. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield to the gentleman from Connecticut.

Mr. CRETELLA. Speaking of stainless steel, the gentleman is familiar with the fact that the Tariff Commission found that the peril point had been reached, and so recommended. The stainless steel business which is centered in my district in Connecticut, has become a phantom industry because the import figure has gone up from something like half a million dozen in 1948 or 1949 to over 8 million dozen. Those imports are from Japan. The International Silver Co., and other concerns manufacturing stainless steel are now only phantom activities.

Mr. SIMPSON of Pennsylvania. I thank the gentleman for his contribution. I am sure that any relief which might be provided by voluntary agreements on the part of nationals of another nation will not be sufficient to permit his industry to grow and expand as it should.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield to the gentleman from Iowa.

Mr. GROSS. Is not the answer to the committee bill the one given a few moments ago by the gentleman from Massachusetts [Mr. McCORMACK], who said in effect, "Adopt the committee bill and then let us pass on to legislation providing compensatory payments from the United States Treasury to those who are injured."

That is the next step.

Mr. SIMPSON of Pennsylvania. Yes, of course.

Mr. GROSS. Why did they not write it into the committee bill?

Mr. SIMPSON of Pennsylvania. We have been told that one of the solutions is to educate and retrain and move people from one section of the country where unemployment results from this bill to another. This solves the problem, even though the individual does not want to give up that which he has been doing all his life; even though the individual is a free American citizen and he wants to be a miner, perhaps, or he wants to blow glass or work in a glass factory or he wants to manufacture plywood. But, we are to tell him that he must give that up and move into some other area of the

country. I was told the other day about how, when the automobile industry was booming, and it was booming sometime ago in the Detroit area—that was before so many cars came in from abroad—how a lot of people went up to that area from a section of Ohio. They were accepted and given employment. They got along all right. But, pretty soon they began to lay off people and on the theory of last come, first off, these people were laid off. They went back home, in this instance back to Ohio—that is not the answer to this problem.

Mr. ALGER. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. ALGER. I would like to commend my colleague, if I may, for the statement he is making and for the fact that he has brought to the attention of the House for the first time, I believe, and I have been here listening carefully to this matter, the oil import and the way the voluntary controls are supposed to operate and have not operated because I believe that proves part of the fallacy of the present reciprocal trade bill on the face of it. I am wondering and I am still waiting to hear something, and I do not, of how the oil import situation is to work. For example, I call your attention to the minority report in which the gentleman from Texas [Mr. IKARD] points out some of the past statements made by the President's own advisers of what should be done and then, I suppose, has not been done. I am one of those from a State that is interested in this situation who voted for the reciprocal trade bill the last time because I did not think we should scuttle it. But, I am still waiting to hear from the administration and from the committee spokesman as to how we are to take care of that problem. I commend the gentleman for his interest in the oil import situation.

Mr. SIMPSON of Pennsylvania. I thank the gentleman from Texas. I know of his great interest in the problem and I do appreciate his contribution.

Mr. SCUDDER. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. SCUDDER. I wish to compliment the gentleman on the very aggressive work he has done in the field of tariff legislation. You will recall that about 5 years ago, I authored a bill that passed the House and went to the other body which would redefine hard board and hardwood. There are many big manufacturing concerns throughout the United States manufacturing hard board. It is classified as a paper product. Paper products come into this country at 7 percent ad valorem tax while wood products pay 14 percent. We passed a bill in the House and it went to the other body and the committee in the other body chastised the officials from downtown and told them they could change the rule and ask them if they could, and they said that they could not.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. REED. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. SCUDDER. The outcome is that they have not to this date done anything to reclassify hardboard. I think we should have something to say about the misconstruction of what hardboard is. Hardboard is not a paper product.

Mr. SIMPSON of Pennsylvania. I agree with the gentleman on that point.

Mr. Chairman, the proponents of the committee bill have advanced numerous reasons why it is essential to extend the Trade Agreements Act for another 5 years. They have stressed the number of people who are employed in industries directly affected by imports and exports and they have stressed the profits which our trading partners will receive from the action they propose. It is my purpose to discuss all of the issues which have been advanced but before doing so I believe it would be helpful to the committee to agree on the purpose of foreign trade.

A paper entitled "The Role of Foreign Trade in the United States Economy" was prepared by the Department of Commerce for publication in the compendium* of papers collected by the staff for the Subcommittee on Foreign Trade Policy of the Committee on Ways and Means. It contains the best definition I have ever read of the proper role of foreign trade in the United States economy. It said:

While the foregoing discussion has been focused on exports essentially from the traditional standpoint of the American businessman viewing them as sales outlets for his products, sight should not be lost of another point of view which brings out certain even more fundamental—if somewhat theoretical—aspects of the role of exports in the United States economy. This is the broad, national frame of reference in which the function of exports is to pay, in real terms, for our imports and our foreign investments and also, during and since World War II, for the aid granted to other countries by the United States Government. The fact that individual exports, import, and foreign investment transactions take place independently in a money and credit economy tends to obscure the basic function of exports in this respect, as does the persistent tendency, apparent since the latter part of the 19th century, for the United States to export more goods than it imports. Moreover, much public discussion in recent years has centered on the superficially opposite (but correlative and equally valid) concept of United States imports as a means of payment by foreigners for our exports. Nevertheless, for the Nation as a whole, the most fundamental role of its exports is as a means of payment either for goods and services currently obtained from abroad or for United States investments abroad which are also expected eventually to yield returns in relative as well as monetary terms.

In other words, the overall national economic gains from foreign trade are centered essentially in the imports for which our exports are exchanged, rather than in the sale proceeds from the latter. The immediate monetary earnings are vitally important to the workers, managers, and owners of the individual firms receiving them, and constitute a key element in the dynamic mechanism of an economy, but what exports contribute to the economic welfare of the whole Nation is

an efficient means of obtaining goods which are either not otherwise available here or are producible domestically only at higher total costs, in terms of human, capital, and natural resources, than those of the exports exchanged for them.

Mr. Chairman, we have neglected these important truths in most of the discussions which have taken place with respect to our trade and tariff policies. Certainly, no one can dispute the fact that we have sufficient exports to provide us with the necessary foreign exchange to purchase those goods which are not otherwise available here. I congratulate the Department of Commerce for this excellent statement. It is regrettable that the Department did not use it as the basis for many of its public pronouncements over the past few months.

The majority contend that the trade agreements program has been an important factor in the expansion of American foreign trade. They cite statistics to show a substantial growth in both dollar and physical volume of exports and imports since 1934. However, our economy has also grown during the past quarter of a century.

Again, I shall refer to the experts in the Commerce Department for a measure of our exports in relation to our total economic activity. The paper to which I have already referred states that in 1929 before the onset of the depression, total United States exports represented 5 percent of the gross national product. In 1956, after 22 years of trade agreements, nonmilitary exports represented only 4.2 percent of the gross national product. Mr. Chairman, remember that these exports include agricultural products sold or bartered under Public Law 480. These statistics show that American exports have not been increased by this program.

During the 1920's, American automobiles produced in Detroit were shipped all over the world. Motor vehicle exports in 1929 totaled 544,000 units and represented 10.1 percent of United States production. By 1956 motor vehicle exports had dropped to only 368,000 units or 5.8 percent of the total United States production. In the meantime, foreign automobiles have started to flow into the United States.

To be sure, under the trade agreements program, tariffs on automobiles were reduced by many of our trading partners, but this action did not stimulate exports of American automobiles. What is so often overlooked is the fact that as tariff barriers were reduced, quantitative controls were imposed which were more restrictive than any tariffs. In Britain, for example, the annual quota for automobiles from both the United States and Canada is only 650 units.

Although the British bicycle industry takes exception to American tariffs, the annual import quota of motorcycles from the United States is 50 units. One of our largest manufacturers of home appliances is permitted an annual import quota of 1 dishwasher, 35 electric ranges, 19 washers and dryers.

With few exceptions, we do not use quotas, and we have no restrictions on

the conversion of dollars into foreign exchange to purchase goods anywhere and bring them into the United States.

Mr. Chairman, the Second Annual Report of the President on the Trade Agreements Program, which was transmitted to the Congress on May 19, states that by the end of 1957 60 percent of private imports entered Western Europe from the dollar area without requiring an import license. The corollary to this statement is that 40 percent of all items from the dollar area were subject to quantitative controls. Needless to say, the 40 percent is understated, as many items which would have been included in this category were denied import licenses and, hence, did not appear in the trade statistics at all.

An appendix to the majority report includes a review of the accomplishments of the trade agreements program. Mr. Chairman, it is significant that the majority admit that quantitative controls which were supposedly outlawed by the GATT are still restricting American exports. I shall quote from appendix A:

Progress has not been uniform, of course, and the payments positions of a number of countries still require rather strict import controls. In a few cases, restrictions previously removed have had to be reimposed. * * *

The exception for quantitative restrictions imposed for balance-of-payments reasons was made in response to the realities of international economic relations. Without certain exceptions, it would not have been possible to reach meaningful agreement on a set of trade provisions.

The minority report included a partial list of the major nontariff impediments to the flow of trade and capital imposed by 89 foreign nations. It showed 62 countries require import licenses; 47 force exchange of payments received in foreign currency; 53 exchange licenses; and 13 employ state trading. The list included numerous other impediments imposed by many countries. As long as these persist, our bargaining has little validity. Our negotiators at the GATT can take little satisfaction in the efficacy of their bargaining. The analysis published by the Department of State of the United States GATT negotiations at Geneva, Switzerland, from January through May 1956, show that:

The United States obtained concessions in these negotiations on exports valued at approximately \$400 million.

In return for the concessions given to it by its negotiating partners, the United States granted concessions valued at \$677 million in terms of United States imports in 1954 from the country with which the concession was negotiated. Imports of the same items from other participating countries amounted to \$134 million, thus bringing the total of benefits to all participants to \$811 million.

Mr. Chairman, I cannot see how export concessions valued at approximately \$400 million can offset concessions we have granted to other nations in the amount of \$811 million. Continued bargaining on this basis will very shortly leave us with nothing to bargain about.

For many months proponents of the majority's program have attempted to give the impression that we were a high-tariff nation and that unless we contin-

ued to reduce our tariff rates, the world's foreign trade would dwindle and disappear.

The majority report on page 96 includes table I of the Appendix. It lists the 1957 tariff levels of 42 countries. I

find that only 8 had a lower tariff level than the 5.9 percent in the United States. However, in each instance the tariff does not control the country's total imports, since it employs either quantitative or monetary controls which are described

in table II of the Appendix on pages 97 through 101.

Mr. Chairman, I have developed a table which combines data from tables I and II and includes my analysis with reference to these eight countries:

Pertinent trade data for eight countries with a lower tariff level than the United States

Country	1957 tariff level from table I	Comments from appendix table II	Analysis
Argentina	3.6	Due to dwindling foreign exchange reserves during 1956 and 1957, Argentina took steps to divert imports of many items away from dollar sources of origin. Continuation of this policy in 1958 is foreseen in view of the adverse balance of payments situation with the United States.	Self-explanatory.
Benelux and dependencies	4.3	87 percent of Benelux dollar imports have been liberalized.	13 percent are subject to quantitative controls.
Brazil	4.0	In accordance with a waiver granted by the contracting parties to the General Agreement on Tariffs and Trade, all tariff concessions made by Brazil to the other contracting parties were suspended as of Aug. 14, 1957, with the enactment of the new Brazilian tariff law, pending renegotiation of concessions. Quantitative restrictions are not used by Brazil to control imports. Availability of foreign exchange for imports is, however, controlled within the foreign exchange budget which is based on expected foreign exchange earnings. Weekly allocations of exchange are divided into 2 categories: 1 amount for specified essential imports such as petroleum, newsprint, etc., and another amount for nonpreferential imports.	Self-explanatory.
Denmark	2.8	66 percent of the Danish dollar imports have been liberalized.	34 percent are subject to quantitative controls.
Japan	3.3	All imports into Japan are subject to license. A complicated system of administration of the import controls makes it difficult to determine whether progress is being made toward liberalization. It seems probable that steps in this direction in 1955 and early 1956 were checked by the severe balance-of-payments deficit which developed in late 1956 and 1957.	Self-explanatory.
Norway	4.8	86 percent of all imports (based on 1953 imports) from the dollar area have been liberalized.	14 percent are subject to quantitative controls.
Sweden	5.8	70 percent of dollar imports enter Sweden without a license.	30 percent need licenses.
United Kingdom and dependencies	2.3	Over 60 percent of United Kingdom imports from the dollar area have been liberalized.	Approximately 50 percent are under control.

Mr. Chairman, before leaving the question of the tariff level, it is important to remind the members of the committee that in many instances the Congress established specific rates of duty in 1930 with a reasonably effective level. Without giving any consideration to the reductions which have been made through the trade agreements program, specific duties have lost much of their effectiveness due to inflationary price increases.

The substitute amendment will make it possible for the Tariff Commission to recommend increases in specific duties to the 1934 effective ad valorem level when it finds such relief is necessary to preserve a domestic industry.

Proponents of a 5-year extension of the trade agreements program have stressed the special benefits American agriculture has realized under this program. The Agriculture Committee has not as yet reported legislation which would extend Public Law 480. The administration supports this legislation. It has been adopted by the other body. As far as I know, no one is opposed to it. Prompt renewal of this program will benefit our farmers.

Mr. Chairman, agricultural exports in the fiscal year 1957 totaled \$4.7 billion; however, a large part of these exports were made possible by Government assistance programs. In no sense can they be attributed to dollar earnings by foreign buyers through their exports into the United States.

One billion nine hundred million dollars of total agricultural exports were financed directly by either provisions of Public Law 480 or the mutual-security program.

I have prepared a tabulation which shows a breakdown of agricultural exports financed under Public Law 480 and the mutual security programs:

	Million dollars
Public Law 480:	
Title I	902
Title II	88
Title III:	
Barter	401
Donations	162
Mutual security programs	396
Total	1,949

Subtracting these exports from total agricultural exports leaves approximately \$2.8 billion of agricultural commodities exported commercially for dollars. However, once again the bare statistics do not tell the whole story.

Of the \$2.8 billions exported commercially for dollars, \$1.7 billions were exported at prevailing domestic market prices. The remaining \$1.1 billions exported for dollars moved at less than domestic market prices and had a domestic market value of about \$1.4 billions.

The \$300 millions difference represents a subsidy for the additional cost of exporting the \$1.1 billions worth of agricultural commodities, primarily wheat and cotton.

Mr. Chairman, I am including a table which is taken from page 740 of Foreign Trade Policy Compendium of Papers on United States Foreign Trade Policy collected by the staff for the Subcommittee on Foreign Trade Policy of the House Committee on Ways and Means. It shows the distribution of the \$4.7 billions of agricultural exports under Government programs among the principal agricultural commodity groups.

Agricultural exports, fiscal year 1957 (Millions of dollars)				
Commodity	Total exports	Exports under Government programs ¹	Outside of Government programs	Percentage under Government programs
Grains and feeds	1,600	980	620	61
Cotton	1,115	525	580	47
Livestock products (dairy)	700	240	460	34
Vegetable oil and oil seeds	455	135	320	30
Fruits and vegetables	363	25	338	7
Tobacco	340	30	310	9
Other	151	10	141	7
Total	4,724	1,945	2,779	41

¹ Programs: Public Law 480 all titles, Mutual Security 402, Export-Import Bank loans (only \$70,000,000).
Source: USDA estimates.

Grains and feeds, as well as cotton, are largely dependent on these government programs for their export markets. These 2 commodity categories accounted for \$2.7 billions of the \$4.7 billions of agricultural exports.

Under GATT each member grants to all other countries the duty rates on agreed tariff items negotiated with any other country. GATT members presumably agreed to prohibit any other form of trade barrier. However, particularly in the case of agricultural commodities, quota controls and other restrictions have been used to deter United States agricultural exports. Exceptions under the GATT to permit such restrictions have been granted to GATT members for a wide variety of reasons.

A publication of the United States Department of Agriculture entitled

"Competition Position of United States Farm Products Abroad—1958" includes this revealing statement:

United States agriculture will meet increasingly stiffer competition in maintaining its recent record level of exports because of:

1. The programs of other exporting countries to maintain or expand their own exports of farm products.
2. The attempts of many importing countries to expand their own agricultural production—often uneconomically—to limit imports and save foreign exchange for industrial development.

These factors reassumed significance in world trade soon after World War II ended. They explain in a large measure the universal practice of government intervention in agriculture.

In international trade, this intervention usually takes the form of trade controls or restrictions, often favoring one country over another. These restrictions include bilateral agreements, guaranteed purchase agreements, high import duties, import licenses or exchange controls, and preferential import duties on a regional or other basis (lower duties on imports from some sources than from others).

These restrictions directly affect the competition which farm products of all countries face in the world market. The reasons generally given for their use are a need for maintaining or increasing domestic self-sufficiency or for protecting gold and foreign currency reserves. Many of these restrictions represent efforts to solve foreign exchange difficulties. Others are used to guarantee a given level of trade with a certain country or area, even though the product might be bought cheaper elsewhere.

Some countries use restrictions such as bilateral agreements and preferential import duty arrangements when they are not warranted. The restrictions may be used against one country, or countries, to stimulate trade with some other country or area to achieve certain objectives; and not for balance-of-payments reasons (p. 1).

It is apparent that there has been no reciprocity on the part of countries using these restrictive devices.

A list of unfavorable factors affecting United States grain exports in 1957–58 is shown on page 7 of this same publication:

UNFAVORABLE FACTORS

1. Reduced wheat import requirements in many countries because of a large crop in 1957–58, especially in West Europe, India, Pakistan, and Turkey.
2. More competition in world markets in 1957–58 from Middle East wheat and barley; return of France as an important wheat exporter; prospects for substantial wheat exports from the Danube Basin; and continued large export availabilities of wheat in Canada.
3. Continued efforts of importing countries to become more self-sufficient in grains and their unwillingness or inability to take advantage of lower costs of imported grains, especially wheat.
4. Continued quantitative control over imports either to conserve dollar exchange, thus encouraging imports from nondollar sources, or to assure local market outlets for homegrown grain, especially wheat, produced under high support prices.
5. Use of bilateral, triangular and barter arrangements for grain from nondollar sources, thus sealing off markets which might otherwise have been supplied, at least in part, by the United States.
6. Obligation of flour millers in virtually all importing countries, especially in Europe, to give priority to homegrown wheat.

7. Efforts on the part of competing exporters to expand export outlets through various government programs.

8. Continued balance of trade and payments difficulties and lack of free convertibility of currencies in many grain importing countries.

9. Tendency toward reduced consumption of bread grains in favor of high protein foods in countries where expanding economic activity is accompanied by higher incomes, and tendency of most countries to expand wheat production faster than effective demand.

This statement by the United States Department of Agriculture again clearly shows that other countries have protected their domestic agricultural producers through quantitative controls and other restrictions. Item 6 in the above listing is particularly significant as it automatically excludes foreign wheat from European markets. If the trade agreements program had worked as its proponents claim, the Department of Agriculture would not have been in a position to list these unfavorable factors affecting United States agricultural exports 24 years after the start of the program that was supposed to have secured the elimination of these restrictions on a reciprocal basis.

A list of the favorable factors affecting food and feed grains included in this same document shows that the Foreign Agricultural Service of the United States Department of Agriculture does not attach any importance to the trade agreements program in terms of fostering United States grain exports. It is not even listed among the favorable factors:

FAVORABLE FACTORS

1. Reduced export supplies of wheat in Australia, Algeria, and Morocco; indications of a lower wheat crop in Russia; and continued low level of corn exports from Argentina.
2. Gradually increasing demand for food grains in less developed regions of the world, especially in the Far East, Latin America, and Africa.
3. Continued large United States expenditures abroad; an upward trend in the gold and dollar assets of some importing countries; and efforts on the part of others to make more of their dollar exchange available for grain imports.
4. Expanding populations; improvements in industrial activity; and rising prosperity in most of the major grain importing countries.
5. High level of demand for feed grains in many foreign countries because of upward trends in livestock numbers and in amount fed per animal unit.
6. Continued opportunities for exporting substantial quantities of grain under various Government programs. These include (a) credit arrangements by the Export-Import Bank and CCC, (b) sales for foreign currencies, (c) barter, (d) donations, and (e) foreign aid programs.
7. Generally improved export outlook for United States feed grains because of smaller oats and barley crops in many competing exporting countries; reduction in the corn, oats and barley crops of West European importing countries; relatively insignificant supplies of low quality wheat in Europe for feed use in 1957–58; and continued low exports of corn from Argentina because of the small crop harvested in April 1957 (p. 6).

It is apparent that the Department of Agriculture places great emphasis on

Government programs to promote United States exports.

SPECIFIC PRODUCTS

Some of the specific restrictions imposed by foreign countries which affect American agricultural exports are listed in this same publication entitled "Competitive Positions of United States Farm Products Abroad."

GRAINS

(Total United States exports, 1957, \$1,600 million; outside of Government program, \$620 million)

Japan

Japan is a state trading nation for wheat. To encourage expansion in domestic production, the Government each year sets a price at which it purchases home-grown wheat of a specified standard. For the 1957 crop the guaranteed price for standard grade wheat is the equivalent of \$2.77 per bushel. Farmers can sell directly to millers and private traders. In that case, the Government's price acts as a floor. The Government also fixes the prices at which it sells home-grown wheat to millers and other processors. To hold down consumer prices for flour and bread, it has been selling domestic wheat for home use at a loss since April 1, 1956.

Under these conditions, wheat imports must be kept under colse control. The Government each year announces its planned imports, specifying the quantity of each type to be imported during the first and the second half of the year and the countries of origin. These plans usually have to be adjusted during the year.

Importing is done by registered traders under Government licenses issued for specified quantities and types on the basis of bids. Licenses are issued to trader submitting the lowest bid. The Government then releases the needed foreign exchange. Traders sell the imported wheat to the Government at the bid prices. The Government, in turn, sells it in domestic market at higher prices. Profits are used to cover losses by the Government on its sales of domestic wheat for home consumption at less than the guaranteed price paid to growers (p. 14).

Belgium

Belgium recently took action to reduce feed grain imports and expand domestic production. Reasons include the following: the fact that Belgian agriculture has not benefited from the high economic level enjoyed by the rest of the economy; dissatisfaction of producers because of low prices for feed grains; and belief of farm leaders that the country's producers of feed grains were in an unfair competitive position compared with foreign exporters.

Action taken to remedy this situation includes termination of the open license system for feed grain imports; imposition of an import license tax on those grains; and payment of an acreage subsidy to feed grain producers. The import license tax for feed rye, barley, and oats is equivalent to 25.4, 21.8, and 14.5 cents per bushel respectively, 15.2 cents per bushel for corn, and 14.5 cents per bushel for millet. The acreage subsidy amounts to \$8.10 per acre for rye, spelt, meslin and winter barley, and \$6.07 per acre for oats and mixed grains (p. 15).

COTTON

(Total United States exports, 1957, \$1,115 million; outside of Government program, \$580 million.)

Among the traditional cotton producers, Egypt (1) allowed a premium for cotton exporters who repatriated hard currency; (2) permitted 25 percent of cotton exports to the United States to be sold under barter arrangements for imports of other commodities into Egypt; (3) continued guaranteed prices to growers; and (4) increased the export tax.

Pakistan's Legislature enacted the Cotton Act of 1957 which, among other things, provided domestic price regulations and price supports and the establishment of a cotton board for the promotion of exports.

The Government of Iran worked on a program to improve grading and packaging, and, with the assistance of the Food and Agriculture Organization (U. N.), made a study of cotton varieties best suited to its agricultural resources.

The Indian Government worked through the Indian Central Cotton Committee to develop a production program for the longer staples of upland cotton, which India now imports.

The Turkish Government announced 25 percent increases in support prices for cotton for the 1957-58 season. Later, stocks were frozen and all exports put under government licensing in an attempt to halt the devastating effects on prices and supplies brought about by Turkey's short crop of poor quality.

The Spanish Ministry of Agriculture in October 1957 announced a production incentive subsidy of one peseta per kilogram (1.1 cents per pound) for American-type cotton.

The Brazilian Government established new rates of exchange for textile exports amounting to 103 cruzeiros per dollar or an increase of about 50 percent; funds collected will be set aside for buying textile machinery and equipment.

The Government of Argentina expropriated about 10,000 acres of land to be developed for long staple upland cotton production.

The Government of Colombia established new norms for payment of taxes and duties on locally consumed raw cotton and yarn. Beginning January 1, 1958, amounts so levied reverted to Instituto de Fomento Algodonero to be used exclusively to develop and increase local cotton production (p. 23).

Special measures were also taken by the governments of several smaller cotton producing countries in Latin America.

In Ecuador a national commission began working to discover and encourage adoption of improved, higher yielding varieties. For the crop year 1957-58 the Ministry of Economy fixed quotas of imported and national cotton allotted to each textile concern and maintained producer prices and prices charged by ginners. According to the resolution announcing these regulations, these actions were taken because "it is necessary to continue the policy of increasing, protecting, and improving national cotton production."

In Uruguay, a tax of 2.16 cents per pound was placed on cotton imports, the proceeds to be used for a "cotton culture promotion" program to assist growers.

The Nicaraguan Government established flexible exchange rates for cotton in an effort to mitigate losses resulting from price declines on the world market and to protect its rapidly growing cotton production resources.

Thus, for the most part, during 1956-57 new government-sponsored arrangements for the encouragement of cotton production and exports were instituted in so-called minor producing countries (p. 24).

France

France is traditionally the second or third most important market for United States cotton. The United States is usually the most important supplier of raw cotton for its vital textile industry (p. 27).

The outlook for 1957-58 is for a continued high level of consumption which, because of the tightening of import regulations, will be accompanied by a reduction in imports and consequently a reduction in stocks.

According to the French Government plans, cotton imports will total only 1,170,000 bales. This would reduce stocks

below a normal working level. It is expected that about 400,000 bales will be imported from the United States, provided a substantial portion can move under some sort of United States Government program. Thus, even though France's total cotton imports for 1957-58 may be reduced by about 25 percent from the 1956-57 level, the United States share may be larger.

Under the protection of the tight licensing and exchange control system that has existed for several years France's manmade fiber industry has shown great progress. Output has expanded from 171 million pounds in 1952 to 267 million pounds in 1956, an increase of 56 percent. It is particularly significant that the greatest actual increase in production has occurred in rayon staple, which can be substituted for cotton in many end uses.

Per capita consumption of cotton, wool and rayon fibers in France rose 18 percent from 1938 to 1955; but cotton's share of the total dropped from 66 percent to 62 percent while rayon's share increased from 7 percent to 19 percent. France plans a further substantial increase in the manmade fiber industry. The curtailment of United States cotton imports for dollars will conserve foreign exchange, but expansion of rayon production will increase foreign exchange expenditures for imported woodpulp. United States cotton, however, will face keen competition from the manmade fiber industry.

The most important problem facing United States cotton in France is the shortage of dollar exchange there. As long as France can obtain cotton from soft currency areas, it is likely that dollar purchases from the United States during the 1957-58 marketing year will be small. French mill operators want to buy more United States cotton but they are forced to buy from other sources, even though prices are frequently higher and quality less desirable (p. 29).

TOBACCO

(Total United States exports, 1957=\$340 million; outside of Government programs=\$310 million)

The major problems facing United States tobacco exports arise from actions taken by other countries.

Over three-fourths of all foreign tobaccos (excluding United States imports) entering international trade are covered by bilateral agreements, guaranteed purchase arrangements, preferential import duties or other controls which virtually exclude United States leaf. The use of these bilateral arrangements to cover tobacco exports of foreign countries, mostly in exchange for manufactured items, has increased greatly since World War II.

In some countries, including Japan, Australia, and the Philippines, prices of domestic leaf are well above those received for comparable qualities of United States tobaccos. Self-sufficiency policies of these areas do not permit greater imports of United States leaf. Other countries limit imports of United States tobacco through foreign exchange controls (p. 30).

DAIRY PRODUCTS

Dry whole milk is the only dairy product exported from the United States which does not substantially depend on Government financial assistance. About 75 percent of United States exports in recent years have gone to Venezuela, a country with ample dollar exchange. Milk production has been increasing in Venezuela, and prices have been unsatisfactory to many producers in relation to rising production costs.

There is growing agitation in Venezuelan dairy circles to more closely control dry whole milk imports. Since such a large proportion of United States exports is taken by

Venezuela, this is a serious matter to the United States trade. Prospects for expansion of this trade to other countries are distinctly poor, because of the relative price situation between the United States and other major dairy exporting countries (pp. 43-44).

POULTRY AND EGGS

United States exports of eggs and poultry totaled \$43.6 million in 1956, the highest since 1948 when there were large exports of egg solids resulting from domestic surplus removal programs. The upward trend continued in the first half of 1957. However, later development may have reduced the year's total below the 1956 figure.

This possible decline is being brought about by protective actions taken by several countries, particularly Canada, Cuba, and Venezuela. In July 1957, Canada embargoed imports of turkey and fowl in order to carry out a price-support program enacted because of a record turkey crop, record storage holdings of all poultry, and unusually large imports during the first half of 1957. In 1956, Canada imported 13.1 million pounds of turkeys and 8.3 million pounds of fowl from the United States. Up to the time the embargo was put into effect, Canada had imported 6.4 and 3 million pounds of turkeys and fowl, respectively, from the United States.

Cuba imported 1.9 million United States baby chicks in 1956, mostly broiler chicks. In recent years, the production of broiler hatching eggs and chicks in Cuba has been increasing. In September 1957, imports of broiler chicks were stopped because domestic supplies were considered adequate.

Similar action was taken by Venezuela. On July 1, 1957, imports of both broiler and egg-type chicks were stopped because of adequate hatching capacity in Venezuela. However, the production of hatching eggs is inadequate, and imports of United States hatching eggs have increased.

These restrictive actions are typical of those taken by countries which are fostering the development of their poultry industry (pp. 44-45).

LIVESTOCK, MEAT, AND MEAT PRODUCTS

Most foreign importers of meat and meat products use various methods to increase their domestic production and thereby reduce the needs for imports. Some traditional meat importers have increased their domestic production in recent years to the extent of becoming net exporters. High tariffs and import fees handicap United States export trade in meat and meat products. Lack of "hard currency" is another barrier to expansion of United States trade. Multiple exchange rates are maintained through government-controlled internal prices established to restrict imports of certain commodities and to encourage imports of others. Bilateral trade agreements have resulted in reducing market outlets. Furthermore, sanitary regulations of specific countries have prevented the exporting of United States products (pp. 49-50).

FRUITS AND VEGETABLES

(Total United States exports 1957 equal \$363 million; outside of Government programs equal \$388 million)

The principal barriers to continued increases in exports of United States fresh apples and pears are those imposed on imports by most European countries. The United States Government continues to press for a reduction in these trade barriers (p. 63).

SELECTED FOREIGN MARKETS

There are listed below examples of restrictive practices affecting United States agricultural exports by countries in the principal trading areas of the world. This material again is taken di-

rectly from the publication of the United States Department of Agriculture previously referred to, *Competitive Position of United States Farm Products Abroad—1958*.

LATIN AMERICA

The principal Latin American countries and commodities that compete with United States products in other world markets are Argentina, with its grain, linseed, and meat; Uruguay, with its grain and meat; and Brazil, Mexico, Peru, and Central America, with their cotton.

In Argentina the strict control of trade formerly exercised by the IAPI (Instituto Argentino de Promocion del Intercambio) and a complicated system of multiple exchange rates has been somewhat liberalized. Now a meat board and a national grain board supervise the trade in these products. The Government stimulates exports of its products through a system of "aforos" (official valuations) and retentions. Competition is made easier because the proceeds received from the export sale in excess of the aforo value can be negotiated at the free market rate, which is considerably above the official rate. Trade and payments agreements and barter or supply agreements are still an important means of encouraging exports. In mid-1956, however, Argentina entered into an arrangement (the Paris Club) for multilateral clearing with several countries of west Europe.

Brazil's most effective method of regulating foreign trade is through exchange control over both imports and exports. The principal competitive export crop, cotton, is given a more favorable exchange rate than that on coffee. In addition, the Government also supports the price of cotton to the grower.

Mexico has a system of compensatory exchanges to encourage the export of several products, principally cotton. Under this system the granting of import permits for a list of commodities is subject to the export of an equal value of the commodities the Government wishes to export.

Uruguay also is encouraging the production and export of its farm products, particularly wheat and wool. In recent months the Government increased the guaranteed price for wheat to the grower and adjusted the aforo and exchange rate for wool to stimulate increased sales.

The northern Latin American countries import the most United States agricultural products. Cuba remains the principal market in Latin America, followed by Mexico, and Venezuela. All three are trying to become self-sufficient in many food and raw material items and are restricting imports of certain products. During 1957 Cuba's restrictive measures were largely non-tariff. There is a proposal now, however, to revise the entire tariff schedule. Since Cuba is a member of the General Agreement on Tariffs and Trade it will be necessary to renegotiate existing concessions with the contracting parties.

Mexico has a long list of agricultural products subject to permit and license. Certain basic food commodities are imported exclusively through the Government agency, *Compania Exportadora e Importadora Mexicana, S. A. (CEIMSA)*. From time to time the Government imposes a temporary embargo on the import of certain products and restricts imports of others for sanitary or health reasons. Mexico is continuing its trend toward self-sufficiency and diversification.

The Venezuelan Government is trying to expand production of corn, cotton, sugar, and oilseeds. The result has been increasing self-sufficiency; and surpluses of some of these crops are available, particularly corn.

In southern South America, Brazil is the best United States market. Its foreign exchange shortage has led to severe restrictions

on imports. The new tariff bill has raised the rates on imports to high levels. Although this was accompanied by some reform in the exchange control mechanism, it is not yet known what effect the new law will have on agricultural imports. Since Brazil is a member of the General Agreement on Tariffs and Trade it is necessary to renegotiate the concessions granted to the contracting parties (pp. 76-77).

WEST EUROPE (ALL EUROPE EXCEPT THE COMMUNIST COUNTRIES)

Nearly all west European countries protect domestic agriculture. The goal of raising farm living standards, efforts to maintain or increase output for national security and balance-of-payments reasons, the desire for political and social stability, the problem of numerous small farms and underemployment on farms, and the pressure from farm interests are factors which make any considerable modification of this protection unlikely (p. 79).

During 1956-57, several countries made progress in liberalizing dollar farm products. For example, Italy and Austria liberalized cotton; 11 west European countries now admit United States cotton without quantitative restrictions. Sweden liberalized soybeans, bringing the total number of countries which admit them free to eight. No additional countries have liberalized tobacco, which had previously been liberalized by seven countries.

Relatively few foods have as yet been liberalized to the United States by more than 3 or 4 countries. For oranges and rice, the number of liberalizing countries rose during the year from 3 to 5, for prunes from 4 to 6, and for raisins from 4 to 5. Sweden liberalized wheat during the year, with the proviso that quantitative restrictions may again be applied if the domestic price falls below a fixed minimum level; the United Kingdom is the only other country which does not now have quantitative restrictions on wheat imports.

Despite the progress made in dollar liberalization during the past few years, discrimination against dollar imports continues to handicap American agriculture in its efforts to compete in West European markets. Only the Benelux countries, Switzerland, and Greece have liberalized to the dollar area essentially the same list of agricultural products that are liberalized to OEEC countries and their overseas territories.

Preferential tariffs and bilateral agreements also continue to be a handicap. In the fall of 1956, the United Kingdom and Australia renegotiated the trade agreement they concluded at Ottawa in 1932, when the system of imperial preference was established. On the agricultural side, the outstanding feature of the new agreement is the expression of the "desire and expectation" of the two governments that commercial sales of Australian wheat and wheat flour in the United Kingdom should amount to not less than 28 million bushels of wheat equivalent annually (p. 80).

Before World War II, France was an important customer for United States dried fruit. Almost half of the French raisin imports and over 99 percent of its prune imports were purchased from the United States. In recent years, however, France has virtually imported no raisins from the United States despite an increase in its total imports of raisins. Also, the United States share of France's prune imports—which have greatly decreased in aggregate—has been substantially reduced.

This reduction in the United States share of the French market is due almost entirely to the severe restrictions imposed by the French Government against importation of dollar fruit products. Only sporadic quotas and exchange allocations have been per-

mitted for United States fruit. There are, furthermore, burdensome import levies imposed on dried prunes.

Yugoslav prunes have been granted access to the French market under a bilateral trade agreement (p. 71).

EAST EUROPE (EXCLUDING THE SOVIET UNION)—

POLAND, CZECHOSLOVAKIA, EASTERN GERMANY (THE SOVIET ZONE OF OCCUPATION), HUNGARY, RUMANIA, YUGOSLAVIA, BULGARIA, AND ALBANIA

The United States exports practically all went to Yugoslavia, mostly under United States aid programs and Public Law 480 agreements. They consisted chiefly of wheat and cotton. With a bumper crop in 1957, Yugoslavia will import less wheat in 1957-58 than in 1956-57. But the decline in United States shipments to Yugoslavia will be offset, in large part at least, by shipments to Poland, which is to take about 18 million bushels under a United States-Poland agreement concluded in 1957. Poland is also to take some United States cotton (p. 81).

The Polish shipments again represent Government-supported programs.

THE FAR EAST—PAKISTAN, INDIA, CEYLON, BURMA, MALAYA, THAILAND, LAOS, CAMBODIA, SOUTH VIETNAM, INDONESIA, PHILIPPINES, FORMOSA, JAPAN, AND SOUTH KOREA

The main concern of United States agricultural exports in the Far East is primarily one of competing with products from other areas for this market. Competition is complicated because practically no country of this area has enough foreign exchange to permit complete freedom of imports. All of the countries must manage with frugality both the volume and direction of their scarce foreign exchange.

Imports of United States agricultural commodities into the region under Public Law 480 agreements have been important. Most countries of the area have had Public Law 480 agreements. Foodgrains have been the principal imports under the agreements, but cotton, tobacco, dairy products, and some fats and oils have also been included. Shipments and loans under Public Law 480 have helped these countries materially in their development programs, which should eventually establish better markets for United States farm products in this area (p. 85).

AUSTRALIA

Considerable import relaxations were made in 1957 but little benefit was derived by United States agricultural exporters. Most imports of agricultural commodities of interest to United States suppliers such as cotton, tobacco, hops, hog casings, and resin are imported under an "all countries source" provision permitting importers to secure goods on a sales-replacement basis from the supplier with the cheapest price. Imports of commodities from dollar areas, however, are still subject to considerable Government exchange and licensing control because of certain dollar deficits (p. 90).

NEW ZEALAND

Aside from United States tobacco, our agricultural products generally do not find a ready market in New Zealand unless supplies are unavailable from Commonwealth producers. Some citrus from California has been imported in recent years to supplement short seasonal periods when Commonwealth citrus is not available. Raisins and prunes are also imported from the United States when unavailable from Australia.

New Zealand's import policy is still formulated on the basis of dollar exchange conservation which also tends to limit purchases from the United States (p. 91).

AGRICULTURAL IMPORTS

Total agricultural exports during the last fiscal year outside of Government-

support programs totaled only \$2.8 billion. Agricultural imports supplied more than the necessary dollars to finance imports by other countries of our agricultural produce.

During the fiscal year which ended June 30, 1957, imports of agricultural products from 130 countries totaled \$3.8 billion. More than one-third of all such imports were coffee, which accounted for \$1.4 billion. Coffee is, of course, on the free list.

United States agricultural imports from the Western Hemisphere totaled \$2.2 billion or 58 percent of all United States agricultural imports. Since more than 70 percent of the imports consisted of commodities not produced commercially in the United States, the tariff was no impediment to their entering our markets. In the case of Brazil we received products valued at \$668 million, of which 88 percent represented coffee. Cocoa beans and carnauba wax, which are both on the free list, were other important imports.

Next to Brazil, Cuba was the most important Latin American supplier of agricultural products. Imports totaled \$383 million of which 84 percent was cane sugar. Cuba's sugar has a preferred position in our markets with a quota under the Sugar Act. The trade agreements program obviously has no bearing on sugar imports.

Colombia supplied products totaling \$323 million, practically all coffee.

Another 20 percent of our agricultural imports originated in Asia. Rubber was the principal import; hence, 60 percent of the imports from Asia consisted of complementary products. Cane sugar was again an important import, controlled by the Sugar Act rather than by the Trade Agreements Act.

Africa supplied \$313 million of our agricultural imports. Coffee, cocoa, and vanilla beans were important non-competitive products.

It is quite apparent that our imports of non-competitive agricultural products, most of which are on the free list, generate more than sufficient dollar exchange to finance those American agricultural exports which are actually being sold for dollars without Government assistance.

There are no imports of basic agricultural crops which are covered by Government support programs. Import quotas prevent these products from entering the United States. Under these conditions the producers of these crops are not morally entitled to urge the reduction of tariff barriers to finance exports of their products when they are not subject to import competition themselves.

In 1957 imports of competitive agricultural commodities in many cases attained new all time highs. For example, United States imports of dutiable cattle in 1957 totaled 703,000 head. The total cattle and beef (carcass weight) was 597 million pounds, a record high.

Although, as already indicated, New Zealand is not a favorable market for our agricultural products and her import policy is still formulated on the

basis of dollar exchange conservation, we have been importing an increasing amount of meat and meat products from New Zealand. The United States Bureau of the Census has prepared a summary of United States imports of meat and meat products from New Zealand for the years 1956 and 1957. The increase is startling.

United States imports of meat and meat products from Iron Curtain countries, 1954-57

	1954		1955		1956		1957 ¹	
	Pounds	Amount	Pounds	Amount	Pounds	Amount	Pounds	Amount
Canned hams:								
Poland.....	18,496,000	\$16,064,000	21,942,000	\$17,038,000	23,430,000	\$17,870,000	26,049,000	\$20,653,000
Czechoslovakia....	216,000	175,000	870,000	590,000	1,195,000	758,000	845,000	563,000
Total.....	18,712,000	16,239,000	22,812,000	17,628,000	24,628,000	18,628,000	26,894,000	21,216,000
Pork, prepared, or preserved:								
Poland.....	1,809,000	1,419,000	2,922,000	2,135,000	2,477,000	1,756,000	2,616,000	1,724,000
Czechoslovakia....			65,000	43,000	25,000	13,000	25,000	17,000
Total.....	1,809,000	1,419,000	2,987,000	2,178,000	2,502,000	1,769,000	2,641,000	1,741,000
Grand total.....	20,521,000	17,658,000	25,799,000	19,806,000	27,130,000	20,397,000	29,535,000	22,957,000

¹ Provisional.

Mr. Chairman, the majority frequently refer to a magic figure of 4½ million jobs which are attributed to activity created by foreign trade. They imply that these jobs may be affected by our actions on this legislation. Let me remind every member of the committee that regardless of what Congress may decide with respect to this program, our imports will still total many billions of dollars. We will need all the commodities which are on the free list such as coffee, cocoa, tea, bananas, and rubber as well as those we import today under our moderate tariffs. They in turn will supply foreign exchange so that others may purchase our export products.

During the course of the hearings, we endeavored to secure statistical support for the oft repeated statement that there were 4½ million jobs dependent on this program. The Secretary of Labor in his appearance before the committee said:

Over 500,000 workers in the United States are engaged in jobs in this transportation and distribution process. Then, there are about 850,000 workers who are employed in the "first factory processing" of imported materials. This includes such activities as roasting and grinding coffee or making alumina from imported bauxite.

Mr. Chairman, needless to say, there will still be 500,000 workers transporting and distributing products whether they are imported or made domestically. The 850,000 workers employed in such activities as roasting and grinding coffee or making alumina from imported bauxite are obviously not affected by this legislation, since coffee and bauxite are on the free list.

Now let us examine the other side of the coin, Mr. Chairman. Much of the emotional support for this legislation comes from individuals who sincerely believe that there is a serious dollar gap which prevents other countries from purchasing our goods unless we lower our tariff barriers.

There is undoubtedly much confusion due to the fact that some apparently be-

lieve we must have a balanced trade with every country. This concept violates the entire theory of multilateral free trading which is supposed to motivate this program. The difficulties the free world has experienced for so many years arise from the fact that so few countries permit completely free multilateral trading with the necessary convertibility of foreign exchange. There is ready statistical proof that the United States has not created a dollar gap. The gold and dollar holdings of the rest of the world are continually increasing. The May Federal Reserve Bulletin shows that foreign countries excluding Soviet Russia and its satellites held gold, dollars, and United States Government securities on December 31, 1955, which amounted to \$27.2 billion. By December 31, 1957, these holdings had grown to \$29.8 billion, an increase of \$2.6 billion. This increase in foreign dollar and gold holdings clearly shows that there is no overall dollar gap for the free world as a whole.

While the dollar totals are small in relation to our total foreign trade, the imports of meat and meat products from Iron Curtain countries have grown considerably during the period 1954-57.

Mr. Chairman, I have developed a table which shows the total imports of meat and meat products from Iron Curtain countries.

What is so often overlooked is the fact that our international transactions, in addition to imports and exports, include tourist expenditures, private remittances, investments, and payments for freight, insurance, and banking services.

If other countries were dedicated to free enterprise and permitted free private, multilateral trading and unlimited private investment, I would be more sympathetic to the plea that we should sponsor free trade here. As long as other nations insist on public development of their natural resources on an uneconomic basis, there will be dollar shortages. I cannot consider a program that would sacrifice American workers so as not to offend the nationalistic aspirations of other countries.

The purported justification for this unprecedented request for a 5-year extension of the Trade Agreement Act is predicated on the need to negotiate with the European Economic Community. Mr. Chairman, it is vital that we understand

the economic implications which will result from the formation of the European Economic Community.

As long as the six countries constituting the Common Market have separate tariff barriers, it is impossible for them to develop the mass production and distribution structure which characterizes the American economy. The European Economic Community and its overseas dependencies will constitute a trading area with more potential customers than our domestic market.

Under these conditions large-scale producing units will be established in Western Europe. They will enjoy all the advantages which have characterized the United States economy.

If, in addition, they have lower labor costs, we can be sure that there will be no possibility of United States exports entering Western Europe. American firms who now share in this market will be forced to build plants abroad to maintain their market position.

In my opinion, the European Economic Community will decrease American exports to Europe. What is more important, it will enable western European firms to penetrate the United States market and to capture a larger share of the Latin American and Asian markets.

Many believe that the European Economic Community will bring about lower tariff barriers. This is not necessarily the case. In fact, the initial tariff will be computed by averaging the tariff rates in the six countries, product by product. This means that tariffs will be raised by many countries on products of interest to United States exporters. Some of these tariff increases will violate concessions the six countries have already made to the United States. We are entitled to relief under the GATT.

Before we concern ourselves with further negotiations, we must secure some compensation for the concessions which will be withdrawn. The majority report on page 24 includes table which relates the 5-year extension of the trade-agreements authority with the European Economic Community schedule. This table is supposedly based on testimony before the Committee by the Deputy Under Secretary of State for Economic Affairs, the Honorable C. Douglas Dillon. However, the schedule he presented showed that no start would be made on active negotiations prior to January 1961, with a view toward making tariff adjustments effective by January 1, 1962.

Mr. Chairman, no legislation by the Congress is required to conduct negotiations with other countries. The Constitution has already given the President the power to enter into negotiations leading toward international agreements. The authority requested by the Under Secretary of State is only necessary to permit those steps which his schedule states will be taken sometime after June 1960.

Until an agreement is actually made whereby tariff rates are reduced, no legislative authority is necessary. The President can discuss the actions he believes necessary with the members of the European Economic Community at any time.

Proponents of the plea that we grant negotiating authority for a period of 5 years say that this is necessary so that our trading partners will have confidence in the continuity of our trade and tariff policies.

The State Department has repeatedly taken the position that foreign firms which have once achieved a position in the American market should not be subject to the hazards of escape-clause actions or changes in congressional policies. May I remind the members of the Committee that Britain also levies tariffs on products made by her so-called key industries, including 33½ percent on organic chemicals. During periods of domestic shortages of these products, when her industry cannot supply her internal demand, consumers may apply to Britain's Board of Trade for licenses to import. Imports under such licenses enter duty free. However, when her domestic capacity is increased and is in balance with the domestic demand, such licenses are not longer granted.

In effect, this Congress is being asked to delegate its authority so as to bind succeeding Congresses, including the 90th Congress which will be elected in 1968. We are being asked to delegate our constitutional powers not to President Eisenhower, in whom I have great confidence, but to the occupant of the White House who wins the elections of 1960, 1964, and 1968. Neither of our great political parties has any idea who its candidates in these future years will be. Should this future President use these delegated powers in such a manner that a future Congress should wish to retrieve them, they could only do so by a two-thirds vote of both Houses.

Surely, the extension of the trade agreements program is no more important to our foreign policy than the Middle East resolution—House Joint Resolution 117, 85th Congress, 1st session—which was adopted on January 30, 1957. This joint resolution was approved by the President and is a law. However, it may be terminated at any time by a simple majority of both Houses of the Congress. The gentleman from Illinois [Mr. GORDON] the distinguished chairman of the Committee on Foreign Affairs, in explaining this resolution, said:

Our committee also provided that the resolution could be terminated by a concurrent resolution of the Congress. This follows a practice used in previous legislation. Some consideration was given to including a specific date for the expiration of the authority in the resolution. But the Secretary told us that to work out this situation—in the Middle East—may take an appreciable amount of time. If Congress feels that there is any abuse of authority, it can always terminate that authority by its own action.

Mr. Chairman, I see no reason why the Congress should not be in a position to proceed in a similar manner in this instance.

During all previous extensions of the trade-agreements program we have confined the extension to a maximum period of 3 years so that no Congress could tie the hands of succeeding Congresses. No evidence has been presented to justify a departure from this course.

Those who advocate it ignore the fact that a government's life in most other

countries can be terminated by an adverse vote on any measure before their legislative body. No other government in the world could make the kind of binding commitment now requested of this Congress. Recent events in France show the utter futility of these proposals. The new finance minister in General de Gaulle's government has already announced that France may not be able to carry out its commitments to participate in the European Economic Community.

It is my considered judgment that the President and the State Department should be in continuous consultation with the members of the European Economic Community. When they are in position to make specific recommendations to the Congress, which Secretary Dillon indicates could not possibly be known prior to June of 1960, we should then consider what additional steps may be justified.

The substitute amendment which I have sponsored extends the President's authority under the trade-agreements program through June 30, 1960. This will enable him to proceed with the negotiations outlined by Secretary Dillon, and will also afford the Congress an opportunity to review our position with respect to the European Economic Community before we proceed further down a road which may present many serious problems to domestic industries and their employees.

(Mr. BEAMER asked and was given permission to extend his remarks at this point in the RECORD.)

RECIPROCAL TRADE AGREEMENTS ACT—DO WE HAVE ONE?

Mr. BEAMER. Mr. Chairman, my first statement is that I favor reciprocal trade on one provision—that it be reciprocal in all respects by all parties concerned with making trade agreements. Evidently, that objective was the dream and the desire of those who first wrote the Reciprocal Trade Act. Under it, a foreign nation would sell to us products that they had in abundance, and that we needed, and take its pay in commodities that we had in overabundance which it needed. Now, it is apparent that the actual disillusionment has been recognized because the bill that we now are debating, H. R. 12591, is designated as an extension of the Trade Agreements Act. Neither the proponents nor the opponents refer to these agreements as reciprocal and, if they did, then it would be a sad misnomer because so many factors have entered into the tariff policy of all countries and so many restrictions of various kinds have been imposed by each country that the result is far from any reciprocity on the part of the United States and of any of the other countries.

The definition of tariff may be stated simply but the application and effects of tariffs actually, honestly, and sincerely evolve into hundreds and thousands of applications. It is true that a national tariff policy is essential, and it also is important to remember that we live in a republic which has 435 people representing as many different districts. The first duty of each Representative is to his district and to the people who reside in it, and who elect him to this office. There may be and are various interests

in these different districts. Thus, if a majority of the Congress vote for a measure, then the majority rule prevails. This would mean that the policy affecting tariffs or any other similar legislative proposal should reflect the desires of the people back home. If the majority of the districts represented by their respective Congressmen feel that a certain amount of protection is needed then the policy should be made by this majority rule.

It might be well to review briefly the history of the tariff in the United States. It is a recognized economic fact that wealth comes from goods and services that are freely exchanged. Adam Smith emphasized this point in his *Wealth of Nations* and this philosophy was reflected in the thinking of Jefferson, Hamilton, and James Madison at the beginning of our country. In fact, in the first Congress, the very first act that was passed was one that set up the financing authority of the Government and the second law established tariffs. As early as 1790, Hamilton recognized the change that would take place in this country and he urged a type of protective tariff.

In these early days and for many years thereafter, tariffs provided one of the principal sources of Federal revenue. It also is interesting to note that different individuals found it necessary to change their attitudes on this subject. For example, Daniel Webster, in 1824, was opposed to protection but 4 years later, he favored a certain type of protection.

In fact, during the years between 1812 and 1832, the duties on imports were raised 45 percent; then there followed a series of reductions which continued until the panic or depression of 1857. In 1861 the Morrill Tariff Act restored most of the previous rates.

The importance and increasing complexity of the tariff question was recognized and Members of Congress also realized that they would not have the time, in conjunction with their other legislative work, to fully and carefully consider every tariff problem. It was for this reason that in 1872 Congress approved the Tariff Commission as an arm of Congress to assist in the technical study of tariffs on imports. Actually, from the beginning of our Government until 1913, tariffs provided the principal revenue for our Federal Government, but the revenue presently received is merely a negligible factor.

In the period of history that most of us in the House can remember, there have been many different tariff acts: 1910, Payne-Aldrich Act; 1914, Underwood Act; 1922, Fordney-McCumber Act; 1930, Hawley-Smoot Act; 1934, Trade Agreements Act; 1948, Geneva agreements; 1950, Annecy agreements; 1951, Torquay agreements.

If the consideration of American industry and American labor were charted in accordance with these various tariff acts, we would have an irregular line that descends rather abruptly after 1934. This was the date of the Trade Agreements Act which gave the tariffmaking authority to another branch of the Government and removed this authority from the Congress. The Tariff Commission

still is supposed to be an arm of the legislative branch but its recommendations are sent to the executive branch where they must be approved by the State Department instead of being approved by the Congress. Now is the time to return this authority to the Congress and to the people, as specified by the Constitution.

There are some 70 nations in the agreements on the reciprocal trades basis. This is the portion of the picture that should appear good because it would seem that if 70 great nations of the world agreed to reciprocal arrangements on tariffs that there should be a free and equitable interchange of goods and services between these 70 nations. However, it is important to note that there are many other forms of trade restrictions and control of the interchange of these goods and services between nations. The principal restrictions are:

First. Tariffs.

Second. Embargoes.

Third. Import quotas—subsidies.

Fourth. Import licensing programs.

Fifth. Exchange control.

Sixth. Cartel systems.

Seventh. State trading includes dumping at multiple exchange rates. At one time, following World War II, there were 67 such official exchange rates.

Eighth. Credit insurance—and the United States is the only country that does not have any credit insurance.

These restrictions and controls imposed by other countries work a greater hardship in most instances on our manufacturers, upon our laboring men, and upon our consumers, than would be brought about by the actual imposition of higher tariffs. One example may be taken from the British token imports. Great Britain only allows token imports of American products imported freely before 1939. In a recent year, this resulted in imports of, one, appliances: 1 dishwasher, 35 electric ranges, 25 deep freezers, 19 washers and dryers, and 194 refrigerators from one American company; two, automobiles; 650 American automobiles—taken against our imports of 63,380 British cars for the first 10 months of 1957.

Numerous illustrations could be given but many Members of Congress have had the opportunity to travel in foreign countries. I wish that time permitted me to tell you about the experience that I had in one country where the Studebaker automobile dealer was unable to sell any of his automobiles because of certain trade restrictions and not because of any tariff. In another country, I seriously asked the question why they did not have some of the good Indiana tomatoes in the cans on their shelves. They told me very frankly that they had a high tariff to protect products coming from their farms and, also, that they were attempting to protect their canning industry by providing a high tariff rate on imported canned vegetables. This same country was asking for a low tariff rate or even a free rate on residual fuel oil to be shipped into the United States.

A careful study will indicate that of the 70 nations supposed to be on a reciprocal trade agreements basis, 45 percent

of these countries use quantitative import controls.

Since 1934, our average tariff rates have been reduced more than 70 percent. Of 3,337 dutiable items listed in the Tariff Act of 1930, 2,532 were reduced in the next 22 years; 148 were retained by treaty; and only 657 remained unaffected.

An escape clause in the present act has been the only safeguard that American industry, labor and consumers, have had. Under this escape clause, the United States Tariff Commission can recommend increased tariff rates if a peril point has been found to exist. However, prior to August 1957, of the 73 applications filed with the United States Tariff Commission, only 20 resulted in finding for escape action, and only 7 of these resulted in favorable action by the President.

Thus, there are several questions that immediately arise. First of all, reciprocity must provide the same free trade for our products to their countries that they expect us to give to them.

The Trade Agreements Act of 1934 eventually resulted in the General Agreement on Trades and Tariffs commonly referred to as GATT. Our representatives to GATT who have served as our negotiators, in their enthusiasm for the expansion of world trade, often have surrendered more than they have gained. It is evident that some of these negotiators are interested chiefly in selling more products rather than in earning a profit. If this idea were carried to a logical conclusion, it would be something like Gimbel's and Macy's of New York City selling more to each other. Coupled with the internationalist GATT is the effort to involve the United States in the Organization for Trade Cooperation. Under OTC, the Congress was being asked to further relinquish its authority and transfer the making of American tariff policies to an international body in which we would be hopelessly outnumbered. The smallest country would have the same vote that a large industrial country like ours would have.

GATT has decreased our foreign sales; in 1921, the United States exported 12.9 percent of its production of movable goods; and 5.1 percent in a recent year.

I would like to suggest that instead of talking about free trade or protection that we consider an equalizing tariff. The formula to be applied in this instance might be a complicated one but the Tariff Commission has both the ability and time to devise a tariff system that would be equitable to our friends and customers abroad and, also, be equitable to our industries and workmen in the United States.

The objective of an equalizing tariff would be to put domestic producers on an equal basis in order that there would be fair competition. It is physically impossible for our labor, which rightfully has a high wage scale of \$2 per hour average in most industries, to compete with a foreign industry that has a starvation wage scale. Reliable estimates list the hourly earnings in industrial

occupations in United States dollars as follows:

United States.....	\$2. 08
Canada.....	1. 59
Sweden.....	.83
Norway.....	.72
New Zealand.....	.70
Switzerland.....	.63
United Kingdom.....	.61
Belgium.....	.56
West Germany.....	.55
France.....	.54
Italy.....	.43
Ireland.....	.39
Japan.....	.22

It is time that the tariffmaking policy be taken away from the striped-trouser diplomacy of the State Department and placed under the control of the Congress as is designated by the Constitution. H. R. 11462 and similar proposals would be a worthy step in that direction.

If a form of free trade is to be established, there are at least eight minimum conditions that also must be made.

First. Taxes must be comparable.

Second. Single monetary system necessary.

Third. Uniform business laws.

Fourth. Similar business ethics.

Fifth. Uniform wage rates.

Sixth. Maximum labor mobility.

Seventh. Freedom from threat of war.

Eighth. A world government.

If these conditions are not met then free trade eventually will result in the allocation of land and labor, and will be kept on the basis of political factors rather than on the basis of economic productivity.

In addition, we must recognize that our country is too large to depend upon any other country for certain services and products. One example, among many, will serve as an illustration. The United States watchmakers now have less than 18 percent of the United States market. The employment in the watch industry has declined 35 percent since 1948 and some plants have been closed. There seems to be some kind of a strategy on the part of some nations to plan a trade program that will make other nations dependent upon that country. During World War II, our Defense Department needed the precision manufacturing experience of the watchmakers. If we lose our watchmaking industry, we may also lose our precision machine industry which certainly is needed in these times of advancing science.

I have no watchmakers in my district but this same principle applies to the glass and bicycle industries, ceramic tile industry, steel products, and numerous other manufacturing processes that are vital to our economy. I wish you could see the urgent requests that I receive from employees in the glass industry in Indiana. The Flint Glass Workers in a large area of the United States including the 5th District of Indiana are worried about their jobs and their industry. I know many of these people and count them as my friends. I have introduced legislation in their behalf and now they write hundreds of letters urging support of the principles in the Simpson-Dorn bills. The workers in a large plate glass factory in our part of

Indiana also realize the depressing effect of imported glass on the American glass workers and on the glass manufacturing companies. These imports have more than doubled since 1954, and this is in direct proportion to the tariff reductions on this type of glass down to 14 percent.

Glass and glassware imports, as a result of GATT, since 1955 have increased 144 percent—from \$27.3 million to \$66.6 million. The glassware manufacturers as well as the window glass industries, find themselves today in a highly precarious economic position and faced with further jeopardy by additional cut-priced imports under the proposed extension of the Trade Agreements Act.

Imported glassware prices have depressed the domestic price of hand made glassware to the point of no return. Six United States companies already have given up in this lopsided, uncompetitive contest with foreign producers. There is evidence that others will be closing their doors for the same reason.

It is no pleasant sight to see empty buildings and ghost towns. I have talked with many of the workers in these factories and they are worried about their future. These people have spent a lifetime in learning and becoming proficient in their trade, but they know that they cannot live on the 18-cent to 25-cent hourly wages paid to factory workers by these foreign competitors.

In 1956, imported glassware continued to consume a larger share of domestic consumption—approximately one-fourth of the market.

Is the diminishing share of the domestic market remaining to the domestic producer compensated by our exports to foreign countries? Not at all. The same low wage, cut-priced imports which have driven such a wedge into our domestic market similarly prevent our higher-priced export products from being purchased abroad. Glassware exports are decreasing each year and in 1956 totaled only \$231,000 or only eight-tenths of 1 percent. Is this reciprocal trade?

We also stand to lose those plants that produce engineered glass articles necessary for wartime defense. Manufacturers of fire-warning lenses, lenses for shipboard lights, electronic tubes, and many other types of scientific and laboratory glassware have felt the squeeze of constant tariff reductions. It is time that we think of all phases of our defense.

There is very little argument for lowering tariffs if quotas and licenses are imposed. Much of the advantage of reducing import restrictions will be multiplied if extensive use of export subsidies and dumping is continued. The foreign trade policy should be one that advances the interests of the citizens. We need foreign trade but, in developing international cooperation, we should not overlook the fact that foreign policy should be one of self-interest and of self-preservation. This policy is not isolationism. It is just good sense and good Americanism. The State Department does not have men who are experts or who are trained in industrial production, but they have men who are far removed from agriculture, industry, and

labor. Congressmen are close to their districts. They know whether or not the glass industry, or the bicycle industry, or the scrap iron industry, or any other industry in their district is being adversely affected or helped by a tariff policy or any other legislative program. Congress cannot make secret agreements as was done in GATT, or Teheran, Yalta, and Potsdam. Congress operates in plain view and, also, is subject to public scrutiny. In the executive branch, it is possible for a small group dedicated to a certain philosophy to determine the policy for the entire country. In Congress, all interests and sections are represented and no small faction can impose its will on the majority.

This brings us again to the recommendation that every Member of the Congress study the Constitution and, when this particular subject is being considered, that article I, section 8, should be read and reread. It specifically states—

That Congress shall have the power to lay and collect taxes, duties, imports and excises; to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imports and excises shall be uniform throughout the United States; to regulate commerce with foreign nations and among the several States, and with the Indian tribes.

This procedure was followed for the first 145 years, from the 1st through the 73d Congresses. Then in 1934, Congress abrogated this authority and it is time that the Congress resume not only this authority but also its obligations to the people back home.

(Mr. CEDERBERG asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CEDERBERG. Mr. Chairman, the need for adequate world trade is, of course, desirable and necessary. The extent to which the United States can reduce tariffs and still maintain a healthy economy at home is a matter of serious difference of opinion. I find it difficult to see how American labor and industry can compete with cheap foreign labor and at the same time maintain a high level of production and a prosperous economy. I recognize the position of the United States as far as world leadership is concerned, but it seems to me that the increased flow of low-cost foreign-manufactured goods can weaken this position by its effect on our domestic economy.

Let us take Detroit, the hub of the United States automobile industry and one of the areas hardest hit by the economic slump. Unemployed factory workers there now learn from a Department of Commerce compilation of our import trade showing comparative statistics for 1957, 1956 and 1953, that United States imports of foreign automobiles, parts and accessories in 1957 jumped 133 percent over similar imports for the preceding year, and 537 percent over 1953.

Imports in 1957 of foreign passenger cars alone amounted to 259,343 units as compared with 107,675 new cars shipped into this country in 1956, and only 27,121 automobiles in 1953. And Government figures for early 1958 indicate that im-

ports of new cars are now coming in at a new annual record rate of 400,000 units.

The Department of Commerce statistics also reveal that imports of photographic goods and scientific instruments rose 27 percent in 1957 over comparable shipments in 1956 and were 103 percent higher than those for 1953.

Imports of electrical, industrial, office and printing machinery increased 13 percent last year over 1956 and were 162 percent higher than our imports of these products in 1953.

Leather goods coming into this country last year rose 16 percent over such imports in 1956 and were 113 percent above imports of leather manufacturers in 1953.

Imports of chinaware, earthenware and other finished clay products were up 13 percent over similar shipments entering the United States in 1956 and 69 percent over the figure for the earlier year.

Government statistics tell the same story for imports of finished-steel manufacturers, including tubular steel products. Our imports of these commodities in 1957 were 7 percent higher than our 1956 foreign purchases and were 44 percent above the 1953 figure.

Imports of dolls and toys, athletic and sporting goods entered this country last year at a rate of 13 percent over similar imported goods in 1956. The 1957 dollar value of these imports were 162 percent over that of 1953.

The story is repeated, over and over, in every section of the country. My congressional district is proud of its chemical industry, and here again we face a situation where the cheaply produced goods from foreign countries are endangering an industry that is absolutely essential in war or in peace.

It is a long story but it is one we must not forget. Briefly, European cartels in chemicals had made our Nation dependent on chemical imports, and World War I revealed what a near-tragic mistake that was. The free traders in the twenties, led by Professor Taussign, tried to give our chemical industry away again, but due to a wise policy of at least partial protection we were able to meet the challenge of World War II. We must be vigilant in maintaining our strength in this field, or another emergency could be fatal.

The noted tariff authority, Dr. Lewis E. Lloyd, economist for the Dow Chemical Co., points out that in the chemical industry most of the labor consists of skilled operators and maintenance men. He gives the following startling comparisons of wage rates in the domestic chemical industry with those of principal countries competing in those markets.

German wage rates are 26.7 percent of those paid to American workmen. In England the percentage is 25.8; in Switzerland, 31.7; in France, 32.5; in Italy, 21.7; and in Japan, 8.1.

Dr. Lloyd firmly believes that there should be no further lowering of our tariff rates, but that we should reaffirm the principle of equalizing tariffs so that rates can sufficiently equalize competition between American producers and low-wage foreign producers.

We should support the Simpson-Dorn-Davis-Bailey substitute for the Ways and Means Committee bill.

(Mr. PATTERSON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PATTERSON. Mr. Chairman, I wish to state that I am unequivocally opposed to a renewal of the Trade Agreements Act as proposed under H. R. 12591.

Having studied the compendium of papers submitted to the Boggs Subcommittee on Trade and the two volumes of hearings issued by the House Ways and Means Committee with the testimony for and against this proposed Trade Act, I am greatly impressed by the opposition to the current so-called reciprocal trade agreements program, its inadequacy for these times, the excessive tariff cuts engineered under it, and the lack of reciprocal removal of trade barriers by other nations. Anyone reading the testimony against this Trade Act senses the understandable and justifiable bitterness rampant in those industries, injured by excessive importations, which have not been afforded any relief under the existing procedures for redress against import injury or by a re-imposition of a higher level of tariffs so as to offset the price competition.

I need look no further than my own congressional district in which are concentrated the famous copper and brass industries of the Naugatuck Valley. I see how the copper and brass industry is being undercut by low-cost competitive items. I notice how excessive imports of electrical copper wire and trap tube products are threatening the survival of many of our specialized factories. These excessive imports are injurious not only to the production of the valley's specialties, but to other items as well, such as fabricated rubber products, ball bearings, bicycles, firearms, watches, woodscrews, pins, needles, wire mill products, metal alloy stampings, textiles, and plywoods.

I cannot give my approval to the renewal of this Trade Agreements Act, because under it the economic well-being of thousands of American workers, including many of the people in my district, will be undercut. Any benefits we might derive from this act in an international sense will be offset by the misery dislocation caused by excessive imports in those of our domestic industries producing like or competitive items. I have consistently fought for a decent wage and standard of living for the people in my area. But many workers in my district have been laid off because it is impossible for the products they make to compete pricewise with the low-labor-cost articles from Europe and the Far East.

Certainly, no one in appraising the current unemployment figures will ascribe the cause of the recession to excessive imports only. But in my district such imports have undoubtedly helped to curtail production and in many instances have actually caused unemployment and retrenchment or minimum hours of labor.

I repeat that our industries have to compete against industries overseas which are not under the same compul-

sions as ours. Our own Fair Labor Standards Act enforces minimum standards of wages. Under our Walsh-Healy Act also any industry working on a Government contract, must pay prevailing wages and cannot beat down prices by taking advantage of low wages. I submit that this new trade act, H. R. 12591, will force our workingmen in scores of industries to compete on a basis that is unfair because even a high tariff—let alone the low tariff current today—is not sufficient to create an adequate margin to offset our own high wage-cost factor. Wage costs comprise an important percentage of the cost of all semi and finished manufactures and our wage costs are higher than those overseas. This trade act will enforce a paradox. We uphold wage standards for all our domestically produced goods, but allow them to be completely repudiated when it comes to goods imported from abroad with which our producers must compete. We set wage standards for our own employees and then gave overseas producers an unequalled competitive advantage by cutting tariffs 50 percent in 1934, another 50 percent in 1945 and another 15 percent in 1955 and now a further 25 percent cut is in the books.

We will have cut tariffs not only by approximately 85 percent, but the intent is now to maintain these low rates for a period of from 5 to 10 years. Yet notice what other countries have done during the same period that we lowered our tariffs so magnanimously. From 1937 through 1955 England and France raised their tariff levels by 43 percent and 37 percent, respectively. Canada reduced hers by only 13 percent; Italy by 24 percent; Switzerland by 34 percent, and Japan by 39 percent. I submit that we have shown our good intentions in attempting to make this a real "reciprocal" trade program, but our friends in the free world who should have shown like-minded reciprocity of action, have not acted correspondingly.

This tariff-cutting process has been with us for 25 years, but the time has come for us to face facts realistically. Proponents of the bill will say that cutting tariffs will increase trade totals and result in greater prosperity on the national level; that encouraging international trade is part of our foreign economic policy; that our economic leadership is enhanced by lowering trade barriers; that by increasing trade volume and earnings as a result of tariff negotiations we assist other free-world nations to attain a balance of payments and thus enable the free nations to present a united front to the Soviet bloc. There is no quarrel with these objectives as such. However, many of them can be readily achieved by other means. And it is clearly wrong to pursue these goals by methods which are encouraging our very friends to hurt certain segments of our industries by excessive imports.

We are told that by extending the act we will enable the free world to compete with the Soviet bloc. May I ask just how our free-enterprise system can possibly compete with a state trading system based entirely on expediency and whose producers are not governed by profit and cost considerations which guide our in-

dustries? I submit that this is not a valid reason for cutting our tariffs any further. The competitive basis for trading simply does not exist.

We are told that this act will insure a greater amount of trade on a reciprocal basis. Yet true reciprocity has not been achieved. We know how foreign countries have multiplied their import and export licenses, their exchange restrictions, and their tariff barriers to our imports. Yet, have we not been most lax in withdrawing individual concessions from those countries that discriminate against our exports? The trade-agreements legislation is very specific on that point, yet we have bent over backward to be the good neighbor. But I can assure you that the results have been detrimental to our interests. Restrictions are multiplying not only in the industrialized areas of the world, but also in the underdeveloped nations who are beginning to require that their raw and strategic materials be made available on conditions that preclude the operation of prices according to supply and demand.

A sizable portion of our imports comprise minerals and foodstuffs such as coffee, tea, cocoa, and fibers that we do not produce. Some economies actually depend so much on our purchases of their products that they cannot achieve a viable way of life without our trade. Others again wish us to buy their products, but spent the dollars so earned outside the dollar area. A few state bluntly that, unless we buy at their terms, they might turn elsewhere for their needs. We do not have to bribe foreign nations to buy from or sell to us. I submit that this act gives the impression that we are actually giving easier terms to foreigners for the privilege of trading with them.

Let us not forget that we produce goods which the world needs and only we can supply. Similarly the world needs our markets for their exports. If this act does not pass and we eschew our trade-agreements program, an equal volume of trade may well result, but on a much more selective basis. I submit that foreign nations will buy from us when they need our goods and when our quality, prices, and terms are competitively attractive, even as we will continue to import those goods which we need and which are not available domestically.

Under this bill H. R. 12591 an attempt is made to smooth over the import-injury problem. Whenever the President vetoes the recommendation for relief based on a finding by the Tariff Commission that a specific domestic industry is being hurt by excessive imports, this bill provides that a two-thirds majority of both Houses can override such a veto. Do the proponents of this bill feel that such camouflage of the problem will actually solve the problem? They know that such majorities will rarely if ever be found to override the President's veto. It is a subterfuge which deceives no one. I submit that a Tariff Commission finding of injury and its recommendation for relief should become immediately operative by a majority vote of both Houses.

The tariff and trade experts at the Tariff Commission are men responsible to Congress for a true tariff interpreta-

tion. Therefore I say that when they find competitive, vulnerable industries hurt by excessive imports, we should act on their recommendations and grant immediate relief before an industry is driven to the wall. I would rather subsidize an American industry and American workmen with American money than legislate prosperity elsewhere at the expense of the American taxpayer.

Our free world trader friends pound our ears daily with their arguments that we must win friends by creating prosperity in foreign areas by means of their exports to the United States. We are told how strong, healthy economies of friendly nations will do more to offset the encroachments of the Communist bloc than extensive armament assistance from us.

Let us not forget the most important fact of all; namely, that nothing in the free world is as vital as economic well-being of the United States. Our prosperity has automatic repercussions in other countries. Similarly a recession here affects other areas. A contraction of buying by us results in a vicious circle of contraction in world markets. I submit that under this bill we will be forced to import less, because of a lessening of purchasing power resulting from the losses suffered by many of our industries as a consequence of excessive imports. In my judgment this bill will cause a weakening in our economy at a very critical time in our history.

I am charged with the responsibility of safeguarding the economic well-being of my constituents. I am duty bound to protect their interests first. This bill will not create greater prosperity but will bring on greater hardship to many import-competing industries. Hence I must vote against its passage.

Mr. MILLS. Mr. Chairman, I yield 25 minutes to the gentleman from Louisiana [Mr. Boggs].

Mr. HARRISON of Virginia. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Mr. HARRISON of Virginia. Mr. Chairman, I withdraw the point of order.

The CHAIRMAN. The gentleman from Louisiana is recognized for 25 minutes.

Mr. BOGGS. Mr. Chairman, I have listened very carefully to my very dear friend and distinguished colleague, the gentleman from Pennsylvania [Mr. Simpson]. I give him credit for complete, total consistency, because way back in the very first session of the Congress of the United States, in 1789, Congressman Thomas Fitzsimmons of the State of Pennsylvania advocated a protective tariff. I quote from one of his speeches:

Not for purposes of raising revenue, but to encourage the productions of our country and to protect our infant manufactures.

Unfortunately, however, it is rather difficult for me to lay such consistencies, historically speaking, to some of my colleagues from my section of the country, particularly some of those who

share with Mr. Simpson the authorship of his substitute proposal.

This is a body fraught with history, and I am sure that all of you even today recall the doctrine of nullification. The interesting thing about it is that that doctrine originated in the great State of South Carolina through the power of the great statesman, John C. Calhoun, in opposition to the tariff of the United States of America in the 1820-30 decade. And it was President Andrew Jackson who first asserted the supremacy of the enactments of Congress over the contention of the State of South Carolina involving the enforcement of the tariff and its nullification by the State.

Finally, Senator Calhoun compromised when it was agreed that some progress would be made, towards the principle that a tariff should be for revenue rather than for protection. So today there is much history being reenacted.

I am very happy, too, that this bill comes to us with bipartisan support. To me, that is not very strange. I have had, during the past 2 years, the unique privilege of serving as chairman of the Ways and Means Subcommittee on Foreign Trade Policy. In that capacity, along with some of my colleagues, the gentleman from Virginia [Mr. Harrison], and the gentleman from Missouri [Mr. Curtis], the gentleman from Michigan [Mr. Machrowicz], to mention some, have had the opportunity of working with and conferring with Americans living abroad; with representatives of our Government living abroad; with American business communities abroad; and with the representatives of the friendly nations in the free world.

Mr. Chairman, I say without fear of contradiction that there is no program in which our friends abroad are more deeply interested, have more universal concern, than this program of reciprocity in trade matters. There is not an American embassy abroad, there is not an American chamber of commerce abroad anywhere in this world that has not sent back urgent messages to our Government here in Washington and to our President emphasizing the vital role that this program plays in the leadership of the United States in the free world community today. I think that is why the President of the United States has been so emphatic in repudiating the Simpson substitute.

If I may, Mr. Chairman, I should like to impose upon the committee at this point to read a letter from President Eisenhower, dated May 29, 1958, addressed to my distinguished chairman, Mr. Mills, of Arkansas. The President stated:

Your letter of May 22 asks me two questions concerning the trade agreements legislation which has just been reported by the Committee on Ways and Means: (1) whether an amendment reserving to the Congress the right, acting by concurrent resolution, either by majority vote of those present or by majority vote of the entire membership, to overrule the President in escape clause cases and to put into effect the findings and recommendations of the Tariff Commission, would clearly be regarded by the executive branch as unconstitutional, and (2) whether I regard it

as essential in escape clause cases that the findings and recommendations of the Tariff Commission be subject to the approval of the President.

Those are the two essential propositions in the Simpson substitute now being discussed.

Quoting further from the President's letter:

At the outset, I want to congratulate the Ways and Means Committee for the trade-agreements legislation which it has reported. This legislation will give the American people the kind of trade program I believe they want. Enactment of the legislation can contribute greatly to job making prosperity, and well-being in American agriculture, industry, and labor, and its enactment will help preserve the strength and unity of the free world.

As to your first question, I have been advised informally by the Attorney General that the inclusion in the trade-agreements legislation of a provision stating in effect that the findings and recommendations of the Tariff Commission would go into effect, notwithstanding their disapproval by the President, whenever the Congress, by concurrent resolution adopted either by a simple majority or by a constitutional majority of both Houses, approved such findings and recommendations, would clearly be unconstitutional. The Attorney General has further advised me that should the legislation retain the provision requiring a two-thirds vote of both Houses, the vote in each to be by the yeas and nays, such a provision could be regarded as a valid substitute for the two-thirds vote necessary to override a Presidential veto.

I interpolate to say that what the President refers to there, of course, is the provision which has been written into the committee bill, insofar as action of the Congress can be taken where the President disregards the recommendation of the Tariff Commission.

Quoting further:

As to your second question, it seems to me imperative that the Tariff Commission's findings and recommendations be subject to the President's approval. In the world of today the tariff policy of the United States can have profound effects not only on our foreign relations generally, but upon the security of the entire free world. Some nations of the free world must either export or die, because they must import to live. Their very existence, as well as their defensive strength as free world partners, depends upon trade. For the United States to close its doors, either by high tariffs or import quotas, upon exports from these nations could force them into economic dependence on the Communists and to that extent weaken the strength of the free world.

Moreover, escape-clause actions frequently involve questions affecting the national interest, such as the requirements of the domestic economy and the effect of the findings and recommendations of the Tariff Commission on other producers and consumers in the United States, including their effect upon the jobs of those producing for export. The President, who serves the interests of the whole Nation, is uniquely qualified to make a reasoned judgment as to whether the findings and recommendations of the Commission in such cases are in the national interest. The Tariff Commission, on the other hand, was not appointed to make judgments in such matters, involving, as they do, evaluations of the impact of escape-clause actions on the whole range of the American economy.

These problems, and the effect that one course of action or another would have upon the best interests of the United States, are peculiarly within the knowledge of the President. In fact dealing with such problems constitutes a major constitutional re-

sponsibility of the President, both as President and Commander in Chief. The Tariff Commission, on the other hand, has only a limited responsibility—to find whether or not in its opinion there is injury to a domestic industry as a result of imports and to make recommendations to the President based upon such findings. It is essential that the President have authority to weigh those findings and recommendations along with all of the information the President has in both the domestic and the foreign field, and to arrive at a decision which will be in the best interests of the United States.

To withdraw from the President his power to make decisions in escape clause cases and to grant finality to the Tariff Commission's findings and recommendations would in my opinion be a tragic blunder which could seriously jeopardize the national interest, the foreign relations, as well as the security of the United States.

Sincerely,

DWIGHT D. EISENHOWER.

Now, Mr. Chairman, there is very little that I can add to what the President of the United States has said in his very forceful communication to our distinguished chairman. Let me say this, however, that the Tariff Commission itself well recognizes that it is not equipped to have such power and that it has no business with such power.

It so happens that before our committee on the day of February 20, 1958, all of the members of the Tariff Commission were called to testify, and it so happens that Chairman MILLS and I directed the specific question to each member of the Tariff Commission about what they would do about this power and whether or not they thought that they should have such power. I will read just one answer. All of the rest of them, except for the chairman, who said he would try to do the best he could with whatever power was given him, agreed with his statement. I asked the question, and Mr. Jones, a member of the Commission, said this:

I would be hesitant to have that responsibility put on me. Knowing a little about government and knowing a little about the complexities of the world, I don't think I could qualify to take over the international aspects on the national defense.

I insert as part of my remarks at this point this segment of the testimony before the committee:

[From p. 195 of hearings on renewal of Trade Agreements Act, the chairman, the committee members, and the Tariff Commission representatives participating; February 20, 1958]

The CHAIRMAN. Let me ask you a final question on the escape clause. Should the Commission be given final discretion to make decisions also on matters other than injury?

Mr. BROSSARD. Such as what?

The CHAIRMAN. Any of the matters that must finally be determined in reaching a final conclusion with respect to whether or not action should be taken to raise the duty under the escape clause or to impose quotas.

Mr. Boggs. I will be specific, such as section 7 of the 1955 act now administered by ODM.

The CHAIRMAN. I did not mean that. I do not wish to bring that in at this point. I am talking strictly about the escape clause, bearing in mind the fact that the Tariff Commission now has the one responsibility of determining whether or not injury has occurred as a result of certain things.

Should you be given the responsibility of making determinations other than those of

injury in connection with the plight that a segment of an industry may face? There may be something other than the importation that has brought about the injury. There may be something other than the injury itself that ought to be taken into consideration, actually, before determination is made as to what should be done.

Should you be given any further responsibility than merely the determination of the question of injury?

Mr. BROSSARD. Personally, I don't think of anything right now, but I want to tell you that, if Congress wants to give us the authority, I think the Tariff Commission has the best staff that there is in all the world. I have been at the international conferences where they have been negotiating trade agreements with countries, with the leading trading nations of the world, and I think our staff could do anything that any leading staff in the world could do and do it well.

The CHAIRMAN. Do you think you are qualified to determine whether or not you should make recommendations with respect to the interests of national security or anything of that sort?

Mr. BROSSARD. I think there are other agencies that ought to be more qualified to do it than the Tariff Commission, and they ought to do that.

The CHAIRMAN. In other words, we should not impose upon you the determination of other factors that go into the President's final decision with respect to actions under the escape clause other than the one point of injury which you now have to consider under the escape clause?

Mr. BROSSARD. I think with the President's authority—he is in a better position to determine a lot of these things.

The CHAIRMAN. I am not injecting the point of whether the President is in a better position to make a final determination than the Tariff Commission. What I am thinking about is this: Whether or not we should ask you, as an arm of the Congress, to make a determination with respect to any other facets that must be considered in the overall other than the one proposition of injury.

Historically, that is what you have been concerned about under this program. Should we give you something else to do?

Mr. BROSSARD. I think, Mr. Chairman, that that involves a decision of public policy which is really outside of the realm of the Tariff Commission.

The CHAIRMAN. I am thinking about your ability to administer these various things. Do you have enough personnel so that you could take into consideration, in making a decision on a tariff matter, these other factors that must go into the final conclusion other than the one thing that you look to now; namely, injury?

Mr. BROSSARD. There is the question of foreign policy, the question of what is necessary for defense, and matters of that kind.

Mr. CHAIRMAN. You do not have access to that information.

Mr. BROSSARD. We do not have access. If we were ordered to do it, we would get the information because the Congress would order these agencies to give it to us. But we do not have it now.

Mr. Boggs. In connection with this line of examination, would the Chairman and the members of the Commission mind expressing an opinion on a proposal which has been discussed in the press and elsewhere; namely, that your recommendation would be final except when it would be overridden by the Congress?

Mr. BROSSARD. That is entirely a question of policy, I think.

Mr. Boggs. Would any other member of the Commission like to express himself?

Mr. JONES. I will, Mr. Boggs. I would be hesitant to have that responsibility put on me. Knowing a little about Government and knowing a little about the complexities of the world, I don't think I could qualify

to take over the international aspects or the national defense.

Having worked in the Bureau of the Budget so many years, I believe that such matters belong right at the White House. That would be the only agency, I think, which could weigh those kinds of factors, personally speaking.

Mr. BOGGS. Is there any other Commissioner who wishes to answer?

Mr. SCHREIBER. I was going to respond to the point made by the Chairman. If any additional duties are put onto us, such as national defense, and so forth, I think you will find, Mr. Chairman, that it is going to take us somewhat longer than the 9 months it now takes in most cases. In other words, I believe it will slow it down rather than to increase the processing of these cases.

The CHAIRMAN. I think all of you would admit very readily that the matter that you consider under the escape clause is not the sole matter that must be taken into consideration before a final determination is reached about whether or not a quota is to be imposed or a duty is to be raised.

Is that the feeling of all of you?

Mr. BROSSARD. Yes, sir.

Mr. JONES. Yes, sir.

Mr. SCHREIBER. Yes, Mr. Chairman.

Mr. DOWLING. That is correct.

(From page 201, Mr. Boggs' questions)

Mr. BOGGS. I wanted to try to get some expressions from other than Commissioner Jones about this proposed amendment to make you fellows omnipotent, except for the Congress overriding you. I would like to ask Commissioner Sutton if he would like to express an opinion on that.

Mr. SUTTON. Well, sir, Mr. Boggs, that is certainly a matter of policy, but I am willing to express myself if you ask me to.

Mr. BOGGS. This question of policy that we keep talking about reminds me of a joke. It is about the cat that was about to eat up a mouse, and the mouse yelled over to another friend of his who had gotten up on a ledge and said, "Give me a little help here." The mouse on the ledge wasn't thinking about getting out in the line of fire, but he gave him some good advice. He said "You can turn yourself into a dog and you will scare the heck out of that cat."

Then he said "How do I go about doing that?"

And the other mouse said, "I make policy, I don't administer it."

Mr. SUTTON. Well, sir, I believe that as far as the Tariff Commission is concerned, we pass on these matters of injury and so on, and it seems to me that there should be someone that can see the problem in its entirety and its overall problem rather than a narrow segment of it. I would advocate that that stay with the President of the United States. I believe, sir, that he has far more ability and staff to oversee the problems that confront this country, and as a citizen I would certainly welcome seeing that remain in that position, because I think he is responsible for the foreign-trade policy of the country.

Mr. BOGGS. Mr. Talbot, do you have any opinion on that?

Mr. TALBOT. Do I have an opinion? I agree. I think Commissioner Jones expressed that opinion before, and I agreed with him.

Mr. BOGGS. Mr. Schreiber?

Mr. SCHREIBER. I feel pretty much the same way about it, since we are not going to get into the matter of national defense, apparently, and 4 or 5 other angles, or international relations.

Mr. SUTTON. I would like to say something on that defense business, too, Mr. Boggs. Since I have been on the Commission, practically every applicant that brings a case in there waves the flag and says that his industry is absolutely essential. Many times I have not been able to see any connection at

all, any more than any other industry might be.

I think it is just one argument that is many times advanced which has no validity whatsoever on the bearings of the case before the Commission.

Mr. BOGGS. Mr. Dowling, would you care to express yourself on the first question?

Mr. DOWLING. Yes, sir; I would. I agree with Commissioner Jones and the other Commissioners. As Commissioner Sutton has said, they all come in and each and every one of them tells us that they are employing the particular business from a patriotic standpoint, pure and simple.

Mr. BOGGS. I would like to comment on the question of giving you complete authority on escape-clause cases.

Mr. DOWLING. On escape-clause cases?

Mr. BOGGS. Yes.

Mr. DOWLING. Yes. What we do in the escape-clause situation, sir, is this: As I say, they come in, and we recognize the Congress has given specific considerations to other agencies to consider what are not within our particular jurisdiction. They were given them before us. I agree with Commissioner Jones that I do not feel that I am capable and competent in a situation to decide whenever a national defense or national security problem is to be considered, as a question of inquiry by the Commission. I think it is purely without our scope. It is a burden which we should not have imposed upon us.

As Commissioner Sutton said, the President of the United States certainly is the most capable one to know what is necessary in those instances.

Mr. BOGGS. Mr. Chairman, everybody has expressed an opinion but you.

Mr. BROSSARD. I don't think it is impossible at all for the Tariff Commission to determine it. If anybody can determine it the Tariff Commission can determine it. If we have access to the records that are available in the Departments of the Army, the Navy, the Air Force, and the rest of them, and they had to furnish it to us, or if we could ask them to testify before us, and give us the information, we could get it. But in my humble opinion, it would not be advisable to put that authority with the Tariff Commission. I would much rather have it where it is. I think it would be an extra burden on the Commission which we are not at the present time set up to take over at all. But it is not one thing that is impossible. The men can do it, the Tariff Commission can do it.

Mr. BOGGS. The second part of my question is whether or not your decision should be final, except for overriding by Congress.

Mr. BROSSARD. Well, I don't like to express an opinion on that, Mr. Boggs.

Mr. BOGGS. The other Commissioners have. Mr. BROSSARD. Whatever Congress does is all right with us. You determine the policy, not us. If you like it that way we will do it that way. If you like it the way it is, we will do it that way.

Mr. BOGGS. That is all.

(Afternoon session)

The CHAIRMAN. The conclusion that I drew from the questions that I asked and from the questions that Mr. Boggs asked was that you gentlemen are not down here begging us to give you the authority to make the final decision; certainly not on the basis of the staff that you now have. And that, if we should decide to repose in you the final decision, which a number of people want reposed in you, I understand that all of you, other than the chairman, thought it would be very difficult for the Tariff Commission to have such responsibility. But the chairman, as I recall, said that if we wanted you to do it, you thought the Tariff Commission could do it.

Mr. BROSSARD. And that I didn't think it was advisable to do it.

The CHAIRMAN. That is right.

I think that was pretty generally what was discussed this morning in answer to my own questions.

So I wanted you to know that at least I was not confused by your answers.

Mr. TALBOT. Thank you, sir, very much, Mr. Chairman.

Mr. Chairman, the distinguished gentleman from Pennsylvania said that those of us who are opposed to his substitute have not read it. Well, I plead guilty to having read it. It so happens that for the first time in my life I have been ill for the past 2 weeks, and I have had a lot of time to read. I read Mr. Simpson's bill, and I charge without equivocation that in every sense of the word it out-Smoot-Hawley's the Smoot-Hawley bill itself. As a matter of fact, the Smoot-Hawley Tariff Act of 1930 was a Sunday afternoon breeze compared to this Simpson ripper-dipper. Let us take a look at what this bill does. You know, the interesting thing about it is this. I have a letter here addressed to a member of our committee from the gentleman from South Carolina [Mr. DORN], in which he gives his analysis of the bill. They call this the Bailey-Davis-Moore-Simpson bill. This is their analysis of it.

He says, No. 1, it extends the Trade Agreements Act for 2 years. Let us talk about that. What authority does it give for 2 years? First, let us talk about the 2 years. No more persuasive argument could have been made or can be made than was made here on the floor of the House yesterday by the chairman of our committee and by other speakers as to the necessity for a 5-year extension. Why are 5 years needed? Because we are witnessing something happening in Europe that statesmen have talked about for generations, that dictators have sought to achieve by aggression, that Napoleon sought to bring about by force, that the Kaiser sought to bring about by force, that Hitler sought to bring about by force, that Stalin sought to bring about by subversion—namely, the economic unification of Europe. This is a tremendously significant event.

Europe is about to become, for the first time in modern industrial history, an economic unit. This means that the 190 million trained people living in Western Europe will constitute an economic unit such as we have in the United States of America.

Are we going to be in a position to trade with these people on an even basis? Are we Americans going to be able to maintain our markets in Europe? Do you realize that something like one-sixth of all our exports go to Europe; that a tremendous amount of our commerce moves over to Europe? Are we going to be in a position to negotiate with these people in this great new economic unit? Not if you adopt Mr. SIMPSON's 2-year provision. You will not even begin to negotiate. You need a minimum of 5 years.

Let us look a little bit further. They would have the peril-point proceedings last for 1 year. This means that 1 year out of the 2-year extension will be consumed by hearings. In addition to that, let us see how they limit those hearings.

As the law is now, the Interdepartmental Committee—not the State Department; you know, apparently in some minds the State Department is something foreign. Apparently to them there is something unpatriotic about our State Department. Maybe there is something wrong with me, but I have had the privilege of traveling a good bit about this world, and I have met a great many people who are with the State Department. Most of them, if not all of them, whom I have met I found to be dedicated Americans. Be that as it may, the State Department has just one say in this matter. The Commerce Department, the Labor Department, the Treasury Department, the Defense Department, ODM, the Agriculture Department, the spokesmen, I dare say, for American workers, for American agriculture, for American industry—they are the ones who submit the list for negotiation, not the State Department by itself. But this bill, this new Simpson-Smoot-Hawley ripper-dipper, would say only the Tariff Commission can submit this list. And then they will talk about them for a year. Then, after the year is over, they will let you do something about tariffs. Well, will they? Let us look at that. They will not let us do anything of the kind. They say, "Oh, we will let you negotiate to the extent of 5 percent per year for 2 years only on those items which have not been negotiated under the extension of 1955." Now, understand that fabulous limitation. The only authority granted is in the case where the President failed since 1955 to utilize the authority granted by Congress in 1955, and, believe me, that is a very limited authority. Even if you can use it—even if you can use it—you have to first negotiate a year. So that gives you 1 year out of the 2 years gone. That takes 5 percent of the 10 percent away. So it leaves you a theoretical negotiation of 5 percent in 2 years. Let us see what else happens.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I cannot yield to the gentleman now.

Mr. SIMPSON of Pennsylvania. Would the gentleman not like to have the Record corrected?

Mr. BOGGS. The gentleman will have plenty of time to correct the Record as he would like to have it corrected.

Mr. Chairman, let us take a look at what else happens to the escape clause proceedings. Mind you, you have to approach this legislation from the point of view of what it seeks to do. When Secretary Hull in 1934, together with his colleagues, conceived of this great program, it came as a result of the aftermath of 12 years of tariff increases. There was the Fordney-McCumber bill of 1922. Then there was one previous to this, and, finally, the Smoot-Hawley bill of 1930, which gave us the highest tariffs that we ever had in the entire history of our country. So, in 1934, when the Congress enacted the trade agreements program, what we sought to do was to reverse the policy of protectionism and turn to the policy of

reciprocity. This does not mean free trade. This means that you negotiate multilaterally. You grant a concession in return for a concession. It meant, however, that the general direction of the trade policy of the United States would be liberal. It meant that the general trade policy would be toward the elimination of barriers and not toward the creation of barriers. The direction was toward liberalism rather than protectionism; toward low tariffs rather than high tariffs; toward the elimination of quotas and artificial barriers and all of the other multitudinous devices that the mind of man can conceive to interfere with the free flow of trade. Now what does the Simpson bill do? The Simpson bill reverses the philosophical approach of the Cordell Hull program.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield.

Mr. SIMPSON of Pennsylvania. I ask the gentleman this question. Why, if the gentleman is correct about this philosophical approach which he says we have been using for a while, why then is it that there are more barriers against free trade today than there were when we started back in 1932?

Mr. BOGGS. I would be very happy to answer the gentleman's question. The main answer is that the situation in the world since the wars that we have gone through and the situation we have today is that we lack convertibility in currency more or less.

In addition to that, the gentleman referred to Brazil. That would be the best example I could think of. The gentleman talked about Brazil and the fact that Brazil did not buy as much from us as she should, in the gentleman's opinion. It so happens that I was in Brazil a few months ago. Brazil would spend every dollar, every penny of dollar exchange in this country if possible. Why do they not do it? Because the limitation on the number of dollars to be spent is determined entirely by the amount of coffee they can sell in this country. That is their only export. So that despite the fact that they place a price of \$15,000 on a Chevrolet automobile, they still sell all the Chevrolets they can at \$15,000 in Brazil, and the argument is the best argument I can think of for more liberalism in American trade, because all the evidence we have shows that the minute we loosen up a bit and let them build up reserves in this country, the more they will buy here. What the gentleman advocates would result in less trade with Brazil, not more. And the same thing would happen elsewhere.

I thought the gentleman was going to contradict me when I said this was a change of philosophy. But he did not. He did not dare. That is what it is. This bill changes the whole approach. Rather than being a liberal approach it becomes a protectionist approach, with all the consequences set forth in the President's letter.

Now the gentleman talked about who was speaking for whom. We have groups in this country who claim to

speak for various people. Well, I never saw a bill that has the support that this bill has. The President of the United States; all of the members of his Cabinet; I think the leaders of his party; the leaders of my party.

Now let us take a look at those businesses that are supposedly being hurt. Does anybody deny that the United States Chamber of Commerce speaks pretty generally for American business? The United States Chamber of Commerce is actively supporting this program. As a matter of fact, the chamber conducted forums all over the United States, everywhere, in the West, the Midwest, the South, the East; and almost without exception the polls showed overwhelming support of businessmen for this program. Does the Wall Street Journal speak for American business? Does the Journal of Commerce speak for it? They are both supporting this program.

You heard about the American workman who supposedly is not being protected. Let me add here, the best statistics we can get show that something like 4 million wage earners are dependent on the export-import trade of this country.

The best evidence we can get also shows that if you abolish all tariffs, and everyone knows that none of us is advocating that, that something less than half a million people would be affected in employment. So when you are talking about protecting people, who are you talking about protecting? Are those workers, 4 million in number, not entitled to protection? In addition to that—

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. Not at this time.

I think the American Federation of Labor and the CIO are entitled to some consideration when they speak for labor. The AFL-CIO has endorsed this program. I think every Member of Congress has received from their legislative spokesman a letter favoring this program.

Now they talk about the farmer. Does the American Farm Bureau speak for any farmer? Does the National Grange speak for any farmer? Do the associations of cotton and tobacco manufacturers speak for any farmers? Well, presumably they do. They are for this program.

Well, what about the newspapers? I mentioned the Wall Street Journal, a rather conservative paper.

I mentioned the Journal of Commerce. As far as I know, every newspaper of any consequence in the United States is supporting this program, including the Chicago Tribune. As a matter of fact, I have a quotation here from one of the papers which I thought was very significant. It comes from the Des Moines Register. I would say that that was pretty much the heartland of America. That great newspaper put it this way:

Failure to enact an effective trade agreements program would turn this recession into a real barn-burner of a depression.

In my folder there I have a whole list of American newspapers supporting this program. So there you have it, Mr. Chairman.

The AFL-CIO, the United States Chamber of Commerce, the great farm organizations, the spokesmen for American business everywhere, every newspaper of any consequence in the United States, the President of the United States, the members of the President's Cabinet, the leadership in both parties support this program. To say that these gentlemen have not understood and that these representatives do not understand the implications of this program is utterly ridiculous. To say that those who have examined the substitute bill do not understand it is equally ridiculous. We understand it perfectly; we know what it does. It reverses, it changes the whole concept of the trade agreements program as we have known it.

Let me examine just 1 or 2 other concepts, and I shall not bore you any further. You remember that quotation I gave you from the Des Moines Register about a depression. All of you remember, some of you intimately—I see the great Speaker of the House sitting here; he was here at the time it happened, and there were other Congressmen; VINSON, I see him, and others. Did the Smoot-Hawley tariff bring us the prosperity its supporters said it would bring us? Did it "protect" those industries that were supposed to be protected? Quite the contrary; we went into the worst depression the United States has ever known despite—despite—the enactment of that tariff.

Does that situation prevail today? Let us look for a moment at some of the industries that are crying for this Simpson substitute. Here are the chemical and allied products industries, one of the great, magnificent, growing, progressive industries of America that has brought us all this modern technology, all of the advance that we know in drugs and modern medicine. Do you think they are suffering? If you listened to some of their spokesmen you would think they were flat on their backs. Just take a look at this chart. These are exports; these are imports. Look at the two columns. These are the imports; and I find the same increase in 1953, 1954, 1955, 1956, and 1957, the exports increased every year, and these figures are not in hundreds of dollars; these are in millions and billions of dollars; so that here in the last year for which figures are available the exports exceed the imports by four times, something like, in dollars and cents, a billion dollars.

Let us take a look at some of the other industries: Business machines. Those are the things they bring up and they show you a screwdriver or something. Just take a look at this chart. Here are the imports, here are the exports. One need go no further. This is the old business that you meet import to export. You may recall the cartoon of a patient in bed and the doctor saying: "Well, he has got to inhale in order to exhale." The trouble here,

however, is that they simply want to exhale; they do not want to inhale.

Take a look here at iron and steel metal products. The same thing. Let us take a look at cotton manufacturing. That is one they talk so much about. Look at the exports of cotton manufacturers. Granted that there has been an increase in imports, look at the exports constantly exceeding imports, even in the textile business.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I cannot yield.

Continuing with textiles, imports amount to something like 2 percent.

So, Mr. Chairman, I could go on with these charts. But the astonishing thing to me is this: The gentleman from Pennsylvania mentioned free enterprise. If there ever was a program conceived and dedicated to free enterprise, it is the program involved in the committee bill. This is a program which says that the collective judgment of businessmen—not governments—doing business across international boundaries shall control trade between nations. That is what it says. But somehow or other the very people who come before us and beat their breasts time and time again about free enterprise, the moment an article of commerce moves across an international frontier, they come before this body and ask for every protective and restraining device that the mind of man can conceive and bring it forth into the arena of protection.

The business before the House today—the extension of the trade agreements program—is, in my opinion, as important a piece of business as will be before this Congress. The importance of extending the trade agreements program has been and will be emphasized in the course of this debate. I therefore will not dwell on it at this point in my remarks. Rather, I want to talk to the question directly before us. The House is faced with a choice: Shall it enact the committee bill, introduced by the distinguished chairman of the Committee on Ways and Means—a bill that has the complete approval of the administration, or shall it enact the substitute bill offered by the gentleman from Pennsylvania?

In making this choice—this critical decision—we have to ask ourselves whether we want a carefully worked out and thoroughly considered piece of legislation that is responsible to the needs of the country as a whole—whether we want such a bill in preference to a gerrymandered piece of legislation hurriedly patched together and designed to cut the cloth to fit the special interest of the few. Do we want to continue the reciprocal trade agreements program that has been a vital part of our national policy for 24 years and make it a continuing and effective instrument of our policy or do we want to pervert and distort that program so as to make it a tool of high protectionism that would turn the clock back a quarter of a century and make Smoot-Hawley look like a feeble and half-hearted effort by comparison?

This House should only make this eventful decision after taking a careful look at each proposition, seeing what each provides, what each bill will do for the country, what each bill will do for our foreign trade policy, and on the basis of such an analysis and comparison to then make its decision, fully aware of what the implications of such decision would be. I am confident as to what that decision will be; once you understand clearly what is involved, the House will reject overwhelmingly the substitute and approve the committee bill.

The substitute bill, and the committee bill, are both identified as the Trade Agreements Extension Act of 1958. But what a difference between them. The committee bill would be a true, honest, and effective extension of the trade agreements program in the tradition of Cordell Hull. It provides for an effective extension of the program at the same time that it tangibly improves the administration of the program. It has been worked out carefully by the Committee on Ways and Means and each Member of this House can have confidence in the work that its committee has done. The substitute bill, on the other hand, uses the good name of the reciprocal trade agreements program as a cover for a thoroughly protectionist, retrogressive and reactionary piece of legislation.

There are no ifs or buts about it: the Simpson bill would result in the destruction of the trade agreements program.

It should not be called the Trade Agreements Extension Act of 1958 but the Simpson-Smoot-Hawley Tariff Act of 1958. Of course, as befits the space-thermonuclear age in which we live, when we are breaking through the space, sound, and energy barriers, the substitute bill would make the Smoot-Hawley tariff look like a model T relic by comparison.

What does a true and honest extension of the trade agreements program involve? The answer is simple and self-evident. The trade agreements program has had two principal ingredients: The first principal feature of the trade agreements program is that it involves a movement toward freer and less restricted trade. The authority we have given the President has been authority of a prescribed amount to reduce tariffs on a reciprocal basis by making foreign trade agreements. Look at the very title of the trade agreements program. It constitutes part III of the Tariff Act of 1930 and part III is described as the Promotion of Foreign Trade. The very purposes of the program as set forth in the first sentence read as follows:

For the purpose of expanding foreign markets for the products of the United States.

How were these markets to be expanded? By making foreign trade agreements with foreign countries to reduce tariffs on a reciprocal basis.

The second ingredient is this: The program has conferred authority on the President to make foreign trade agreements. It involves a delegation from the Congress to the Executive recogniz-

ing that it is the Executive alone, under our Constitution, who can conduct foreign relations and therefore can make foreign trade agreements. As the House will recall, the Trade Agreements Act was first enacted in 1934—only 4 short years after the enactment of the Smoot-Hawley Act of 1930. Smoot-Hawley was the high-water mark of United States protectionism and irresponsibility in foreign trade policy. The trade agreements program was a reaction to that sorry and sordid experience. The Trade Agreements Act substituted a responsible way of making United States foreign trade policy consistent with the needs of the country.

Now, these are the two essential elements of the trade agreements program. Anything that calls itself a continuation of the trade agreements program must bear some faithful relationship to these two elements. But both these essential ingredients are missing in the substitute bill. Indeed, they have been stricken completely from the substitute bill. No longer would the President play the role that he was assigned in the trade agreements program. No longer can he enter into foreign trade agreements. No longer would the direction of the program be toward liberalization of trade. And no longer could we have, therefore, a meaningful trade agreements program. The Simpson bill would result in the progressive erosion of the system of trade agreements that has been constructed over the 24 years of the trade agreements program. The substitute bill would convert the trade agreements program into a vehicle for greater and severer restrictions on trade.

The most prominent feature of the Simpson substitute bill is that it would relegate the President to the role of an errand boy for the Tariff Commission. The substitute bill recognizes, of course, that only the President can make foreign trade agreements. So it gives him that role. But in negotiating foreign trade agreements the President would exercise no discretion at all but would simply have to put into effect the changes in United States tariffs—all upward of course—that he would be called upon to make by the Tariff Commission. Now this is a movement backward even by the standards of Smoot-Hawley. The Smoot-Hawley tariff of 1930, as did the Fordney-McCumber tariff of 1922, had a provision—section 336 in Smoot-Hawley and section 315 in Fordney-McCumber—that was designed to provide the basis for modifying rates of duties—both decreases as well as increases. It is the so-called flexible tariff or equalization of cost-of-production provision. Under these provisions the Tariff Commission was charged with the responsibility of investigating and determining rates of duties that would equalize the costs of production at home and abroad. But the Tariff Commission made its recommendations to the President under those sections and the President had complete discretion either to accept or reject the recommendations of the Tariff Commission. Under the Simpson-Smoot-Hawley bill, however, the President's discretion would be completely removed. It would

be removed in all areas of the administration of the trade agreements program. He would exercise no discretion under the escape clause, under the peril point, or under section 22 of the Agricultural Adjustment Act. The Tariff Commission would reign supreme. And the President would not even have the discretion that he enjoyed under the Smoot-Hawley tariff and its predecessor the Fordney-McCumber tariff—the two highest tariffs this country has ever seen.

The curious thing about all this is that the responsibilities the Simpson bill wants to confer on the Tariff Commission are ones that the Tariff Commission has clearly indicated it is prepared to forgo with pleasure. In the public hearings held by the Committee on Ways and Means the six members of the United States Tariff Commission appeared on February 20. This was the first time in my memory that the members of the Tariff Commission appeared before the committee in public session on trade agreements legislation. The high point of the testimony that day was the answers that the six members of the Tariff Commission gave both to the chairman and to myself in response to the question that we put to them with respect to this very matter. The question was whether the Tariff Commission would regard it as appropriate to have their findings under the escape clause without the final decision being in the hands of the President such as is provided in the substitute bill. We got an unequivocal answer from 5 of the 6 Tariff Commissioners that this would not be an appropriate procedure, that there were a great many other factors involved in escape clause cases other than the factor of economic injury alone that they have to deal with. And further, that the Tariff Commission was not the appropriate body to make determinations with respect to these other matters and that the President was. The only dissenting voice to that opinion was that raised by the Chairman of the Tariff Commission; Mr. Brossard said, in effect, that the Tariff Commission would try to execute its responsibilities faithfully no matter what the responsibilities were that were imposed on the Commission by the Congress. But he added the following:

But in my humble opinion it would not be advisable to put that authority with the Tariff Commission. I would much rather have it where it is.

I have said some fairly strong things about the Simpson substitute bill. They are all true. Let us look at it in some detail, with some care, and you will see that they are all true. Take first the question of authority, that is, the period of extension of the trade agreements legislation and the authority granted the President for the purpose of entering into trade agreements. The Simpson bill would extend the authority of the President to enter into trade agreements for a period of 2 years, that is, until June 30, 1960. The authority which the President would have under the Simpson bill would merely be a continuation of the authority that was given him in 1955 under H. R. 1. That is, there would be no

new authority; only a continuation of the 1955 authority to the extent that has not already been used. At the maximum, such authority could mean a reduction by 10 percent, of the January 1, 1955, rate, if there has been no reduction on that rate under the H. R. 1 authority. If the trade agreement was not made in the first year of the 2-year period, that is before June 30, 1959, the 5-percent reduction authority would lapse and the maximum reduction possible would be 5 percent. Alternatively, continuing the authority of H. R. 1, a rate which is in excess of 50 percent ad valorem could be reduced two-thirds of the way to a rate of 50 percent ad valorem. With half that authority lapsing at the end of the first of the 2 years.

Now even this insignificant reduction authority is more theoretical than real. Because if you look at the new and elaborate peril-point provisions of the Simpson bill you will see that it would take a year for the Tariff Commission to make its peril-point findings before any of this authority can be used. Since the year would be consumed in making peril-point findings, one-half of the authority would have automatically lapsed. Thus the Simpson bill provides at the most, and this is a theoretical maximum, for a reduction in rates of duties by 5 percent or alternatively, by one-third of the way to a rate of 50 percent ad valorem. The trade agreement, if there could possibly be a trade agreement on that basis, would have to be made in the second year, and the maximum 5-percent reduction would have to go into effect in that year.

Let us be perfectly candid about it. This is not an extension of the trade agreements program. There is no authority here which the President could use. Why there is not enough authority in the Simpson bill to halfway make the compensatory adjustments in our tariff to take care of the tariff increases and the restrictive quotas that the bill would call for. This bill is a one-way ticket toward higher tariffs and quotas. That simply means a gradual breakdown in the foreign trade agreements that we already have. When the proponents of the substitute bill say that all existing trade agreements would remain in full force and effect, just ask yourself if that possibly could be so if the President would be obliged to continually revise these trade agreements on the instructions of the Tariff Commission. Either these agreements will be eroded away bit by bit or they will collapse in one orgy of retaliation.

The Simpson bill is not so penurious and cautious when it comes to authorizing increases in tariffs and the imposition of quotas. The authority to increase tariffs is opened wide. Aside from increased tariffs, quotas are enshrined as the preferred instrument of our trade policy. This is directly opposite to the committee bill. The purpose of the committee bill provisions permitting higher rates of duties and the imposition of duties on duty-free items under the escape clause is specifically to avoid the use of quotas and to indicate a preference for the use of tariffs. Not so the Simpson bill—it takes both roads. It

permits the highest possible rates of duties ever in existence in the United States and it indicates a very strong preference for the use of quotas.

One of the great mysteries of the substitute bill is a very involved and complicated amendment to the peril-point provision and the deletion of the present section of the Trade Agreements Act relating to the procedures for negotiating a trade agreement. Now what is the peril-point provision? The peril-point provision of law affords a procedure whereby the Tariff Commission can advise the President with respect to articles which are listed for possible trade agreement negotiations. The overriding purpose of the peril point is to get the Tariff Commission's advice as to the lower limit below which it would not be advisable to reduce tariffs any further. Under existing law, unchanged by the committee bill, the President can exercise discretion in accepting or rejecting peril-point recommendations of the Tariff Commission. To this day, the President has never cut a tariff below the peril point recommended by the Commission.

Now the Simpson bill makes some really radical and fundamental changes in this whole peril-point procedure. Under that bill no longer would the President decide on what list of articles to negotiate trade agreements and, therefore, with what countries to negotiate trade agreements, but the Tariff Commission would have to do that. Also, in making peril-point findings, the Tariff Commission would have to make a detailed exploration of many complicated facets of an existing tariff, its relative cost of production, and so forth—much more detailed and complex, may I point out, than it would be required to do under the escape-clause provision which is a different type of proposition and which is designed to provide for a careful review of the effects of the program.

The Commission would be in a position to require information from foreign countries and if foreign countries did not want to give that information then no trade-agreement negotiation could be made on that item. Let me just pause at this point in recounting the peril-point provisions, recommended by the substitute bill, to observe that this one feature really typifies the whole attitude of the Simpson bill. It regards tariff reductions by the United States as a special favor to the foreigner. It is as if our exports had nothing to do with our imports. It is as if we were cutting tariffs against imports only as a favor to foreigners and we had nothing as a country to gain from doing that ourselves. This complete disregard of the relationship between imports and exports reminds me of a cartoon that I saw in an Iowa newspaper. It showed a patient lying in bed labeled "United States foreign trade," and behind a screen were a group of doctors labeled "Protectionists" consulting over the patient. The caption of the cartoon was "Let's fix it so he exhales only." The psychology of the Simpson bill is to cut out imports completely, but, of course, they would not want to do anything to exports. They do not realize that you

simply cannot exhale without inhaling, too.

The Tariff Commission would thus be put into a position of conducting our foreign relations, because the Tariff Commission would be empowered to determine not only what articles to negotiate—therefore, with what countries to negotiate—it would require foreign countries to supply it with information. Finally, if the President ever disagreed with the peril-point finding of the Tariff Commission the trade agreement could not go into effect unless the Congress approved such rates.

Now the question comes up why all this elaborate amendment of the peril point procedure and existing law if there is not enough authority in the Simpson bill with which to enter into a foreign trade agreement to begin with? The answer, I think, is fairly clear. It has two parts. One is that the peril point provision would be converted from a device by which limitations are put on further tariff reductions under the trade agreements program, into a device for the increase in tariffs and imposition of quotas.

The Tariff Commission would have to look over every single item in the United States tariff and decide where the existing rate of duty is not adequate to provide protection to any segment of American industry. If the Commission finds such cases then it must identify the rate of duty or the quota that would do the job and then the President, acting as the agent of the Tariff Commission, must in any foreign trade agreement that he makes, negotiate these higher rates of duties and quotas. What a complete reversal of the whole principle of the trade agreements program. The whole concept of negotiating trade agreements would be perverted into the negotiation not of lower rates of duties but of higher rates of duties and quotas to boot. Thus the peril point becomes the second barrel of a double-barreled escape clause procedure. It is one that would fire a shot aimed directly at the heart of the trade agreements system. The second reason why this peril point provision is in the Simpson bill reflects, it seems to me, an alarming and surprising lack of self-confidence on the part of the advocates of the Simpson bill. To be sure, no trade agreements could be undertaken under the 2-year extension provided for in the Simpson bill, but I suppose they feel that the Congress of the United States and the people of the United States might get so fed up with the substitute bill, if it were enacted, that in 2 years or 3 years hence the Congress would turn around and enact a meaningful extension of the trade agreements program. In that eventuality they wanted to get their peril point standards nailed down in law so as to make those controlling of any future extensions of the trade agreements program.

Let me turn now to the escape-clause provisions of the Simpson bill. They are completely in line with the whole philosophy of the substitute bill. There again the Tariff Commission is high in the saddle and the President is being dragged behind. The Tariff Commis-

sion findings on the question of injury alone would become final and the President would have to renegotiate our trade agreements to give effect to Tariff Commission recommendations. No longer would he be concerned with the effect of any escape-clause action on the economy as a whole and on our export industries, on our consumers, on foreign policy as a whole. No, the simple fact of economic injury to the smallest segment of an industry due, however slightly, to the effects of the concessions made in the past under the program, these facts alone would determine what action the President would have to take under the program. The Congress would be brought into the act only through the back door and only insofar as the Congress wanted to act to override the Tariff Commission's recommendations by passing a law supporting the President's action if the President recommended against the Tariff Commission. Such a bill would not even have privileged status as would the concurrent resolution provided for in the committee bill.

Now in this new escape-clause provision of the substitute bill I detected another example of a surprising lack of self-confidence on the part of its proponents. In order to explain what I mean I have to refer to the fact that the substitute bill before the House is H. R. 12676. It is a rather hurriedly modified version of H. R. 12511, that had been introduced a little earlier by the gentleman from Pennsylvania. In an effort to doctor up H. R. 12511 to make it look a little bit more reasonable some of the new escape-clause standards that were provided for in H. R. 12511 were cut out. If you can imagine it, those new standards would have opened up the door about as wide as possible and would have permitted a fully loaded Mack truck to drive through with the greatest of ease. These new standards would have permitted a mosquito bite to be construed, for purposes of the escape clause, as a mortal wound.

The proponents of the substitute bill also lost their self-confidence when they came to the national security amendment of their bill. Apart from all the undesirable features that it presently has which would not permit this provision to be used as a flexible instrument to meet emergency needs and would, in fact, turn it into a super-escape clause, they took out a particularly undesirable feature relating to the standards to guide the Director of the Office of Defense Mobilization and the President in administering the security provisions. Instead they adopted the language of a subsection of the committee bill. Now I know it has been said that "imitation is the sincerest form of flattery" and the sponsors of the committee bill should take some satisfaction from this limitation, but I think half-way imitation shows a lack of confidence. Surely if they found this feature and a few other features of the Committee bill so meritorious the proponents of the substitute bill should have gone all the way and adopted the committee bill in whole. I certainly think they would have served the country better had they done that.

The amendments to section 22 relating to agricultural imports that interfere with domestic agricultural programs carry through to finality the tenor of the substitute bill. Again the President and the Secretary of Agriculture are taken out of play and it is the Tariff Commission that is given final authority. This is indeed peculiar. The purpose of section 22 is to protect the United States Government against imports of agricultural products that tend to materially interfere and upset Government support programs for agricultural products. It is a recognized fact that, when we maintain the prices of agricultural products higher than the world level by virtue of our agricultural programs, this provides an artificial incentive for imports to come in, attracted by these higher prices.

It is to restrict and limit such imports from undermining these programs that section 22 was put into law. Now the substitute bill would completely pervert that purpose. It would make it a straight protectionist vehicle against agricultural imports because the President and the Secretary of Agriculture who are most directly concerned with the administration of these programs would not be in the act at all; they would neither initiate investigations as they presently can under section 22, nor would they make final determinations as they presently can. You might think that American agriculture supports this part of the Simpson bill. The fact is that American agriculture as represented by the great farm organizations are against it. They know all too well how important agricultural exports are to the farm economy of the United States. They know, too, what adverse effects the Smoot-Hawley tariff had on the position of American agricultural exports. But in order to satisfy a few producers, the Simpson bill is prepared to undermine the very foundations of our foreign trade in agriculture. That is typical of the psychology of this bill: Damn the country and full protection ahead."

We have had experience with that psychology before. The famous historian and writer, John Buchan, who as Lord Tweedsmuir was Governor General of Canada, once wrote that: "If we don't learn from the mistakes of history, we are condemned to repeat them." Surely, before we even think of voting for the Simpson-Smoot-Hawley substitute bill we ought to recall the great mistake in history that was involved in the enactment of the Smoot-Hawley tariff of 1930. What would happen today would be even worse. As the Des Moines Register has put it, failure to enact an effective trade agreements program would turn this recession "into a real barn-burner of a depression."

Let us recall what the Democratic platform of 1932 said on the subject. And let us see whether we can advocate any less today. It said:

We condemn the Hawley-Smoot tariff law, the prohibitive rates of which have resulted in retaliatory action by more than 40 countries, created international hostilities, destroyed international trade, driven our factories into foreign countries, robbed the

American farmer of his foreign markets, and increased the cost of production.

But there are some of us who are reluctant to learn from the mistakes of history. The curious idea is being peddled around the country that it is just not smart politics to vote this year for a meaningful extension of the Trade Agreements Act. O. K., let us meet the argument on its own ground. Is it good politics to vote for the committee bill? The committee report contains a section on support of the committee bill. Of course, it is no surprise to anyone that the President and seven Cabinet members are for the committee bill. But the breadth of support which the people of this Nation have expressed is amazing. Take a glance quickly at the results of the public hearings before the Committee on Ways and Means. We held 6 weeks of hearings and in those 6 weeks anyone who had an interest in appearing before the committee had an opportunity to do so. In spite of the campaign to band together all the proponents of higher tariffs and of destruction of the trade agreements program, only 71 people showed up at these public hearings against an effective program. One hundred and six people favored a meaningful extension of the Trade Agreements Act. Now even if these people could not come to Washington to appear before the Committee on Ways and Means in public session, surely for the price of a 3-cent stamp they could have written to the committee and expressed their point of view on the pending legislation. Yet the printed record of the committee's hearings shows only 60 messages opposing extension of the trade agreements program as recommended by the President while 191 favored this extension. The fact of the matter is that the tide of public opinion has been running in favor of extending the reciprocal trade agreements program for 5 more years. As the Norfolk Virginian-Pilot put it:

Behind the administration's foreign trade program there is rallying a bipartisan support that is one of the most heartening political signs of the times.

America's great labor organization, the AFL-CIO supports the committee bill, not the Simpson substitute. So does the United States Chamber of Commerce and many, many local chambers of commerce throughout the country. The American Bankers Association supports the bill, as does the American Farm Bureau Federation, the National Grange, the National Farmers Union, and tobacco, cotton, fruit, and poultry associations. Almost every national public-interest group in the country supports this bill, including Catholic, Protestant, and Jewish national organizations. So does the League of Women Voters and almost the entire press. Not a major newspaper opposes the bill. And if you want an evidence of that, let me just quote the editorial carried in the Chicago Tribune. It said:

The general good of the country, both economically and politically, justifies the extension proposed by the administration.

Now, it may not be good politics to support the President and seven Cabinet members, but let me ask you whether it is good politics to support a bill that has the wholehearted endorsement of the AFL-CIO, the United States Chamber of Commerce, the American Bankers Association, the Farm Bureau Federation, the National Grange, the National Farmers Union, the League of Women Voters, port associations, and hundreds of other national organizations around the country. The newspapers that support the committee bill include those from the Portland, Maine, Press Herald to the Portland, Oreg., Oregonian. From the Chicago Tribune to the New Orleans Times-Picayune, from the Yankee Boston Herald to the Dixie Atlanta Constitution. I doubt if the newspapers—and the farmers—and the labor unions—and the bankers—and the chambers of commerce could all be wrong at the same time on the same issue along with the President of the United States.

Well, some of the Members of this House asked themselves this question, and they went ahead and took polls of their constituents. Let us see what they found. The Honorable FRANCES P. BOLTON, of the 22d District of Ohio, asked her constituents this question: "Are you in favor of extending the Reciprocal Trade Agreements Act?" Sixty-six and three-tenths percent said "Yes." Nine and three-tenths percent said "No."

Congressman ROBERT J. MCINTOSH polled his Seventh Michigan District and reported that 63 percent of the replies were in favor of extending the act.

Congressman CRAIG HOSMER, of the 18th California District, asked: "Should the Reciprocal Trade Agreements Act be extended another 5 years with authority to lower tariffs another 25 percent?" Forty-three percent of his replies said, "Yes." Thirty-two percent said "No." Twenty-five percent had no knowledge of this issue.

Congressman E. Y. BERRY, of the Second District of South Dakota, asked: "Do you favor extension of the Reciprocal Trade Agreements Act?" The results were these: 59.4 percent said "Yes;" 10 percent said "No," and the rest held no opinion.

Congressman CHARLES E. CHAMBERLAIN, of the Sixth Michigan District, got these answers to the same question: 59 percent said "Yes;" 7 percent said "No," and 34 percent held no opinion.

Congressman JOE HOLT, of California, had better than 50,000 returns, requiring a tabulation by IBM. He asked the question in this way: "Do you favor extension of our policy of reciprocal trade for 5 years even though certain industries might be hurt by foreign competition—that is, textiles, pottery, tuna, and so forth?" The answer he received from the people of the 22d District was 55.5 percent favorable, 32.7 percent opposed.

Congressman ROBERT CORBETT, of the 29th Pennsylvania District, asked "Would you grant the President's request for power to negotiate reciprocal trade agreements over a 5-year period?" Seventy-two percent of his replies were "Yes," and only 28 percent said "No."

Congressman GLEN CUNNINGHAM, of the Second District of Nebraska, asked: "Do you favor an extension of the reciprocal trade program?" Fifty-two percent were in favor, 10 percent opposed, and the rest had no opinion.

Congressman ROBERT GRIFFIN's Ninth Michigan District answered "Yes" 65.8 percent, while only 13 percent were opposed.

In New Jersey, Representative PETER FRELINGHUYSEN, of the Fifth District, conducted a poll on the question: "Do you favor enactment of President Eisenhower's reciprocal trade program?" The answers he received were: "Yes" 67 percent, "No" 10 percent, and the rest "no opinion."

Senator THOMAS E. MARTIN, of Iowa, asked his constituents this question: "Do you approve extending the Trade Agreements Act for 5 years and authorizing a 25-percent reduction in any duty existing July 1, 1958?" Seventy-one percent favored the legislation, while 29 percent were opposed. And so it goes.

Vigorous rejection of the Simpson substitute, rejection of any motion to recommit, and overwhelming support of the committee's bill is the only action that this Congress can take consistent with the national interest. It would also be consistent with the practical political interest of every Member of this House. With the country and the world looking to us to see what choice we make, can we make any other decision other than the one which would be in the best interest of this country and the free world?

Can we afford the cycle of retaliation and destruction of trade that followed the enactment of the first Smoot-Hawley bill in 1930?

Can we afford the cost to American agriculture, labor, and industry—to \$20 billion of exports and to 4½ million jobs—that would result from such an irresponsible act? Obviously we cannot. We cannot afford to pass the substitute bill and to vote to gut the trade-agreements program.

We can only act with responsibility and the responsible thing is to reject the substitute bill and any recommittal motion and vote for the committee bill.

And let us be perfectly clear about it; we have an awesome responsibility. It is no 1-ton sputnik that poses a mortal threat to our security. It is not the elaborate arsenal of thermonuclear weapons, for their use would mean the destruction of our enemies as well as ourselves. It is not the obliteration of civilization that poses the immediate threat to mankind. No; it is not these vast devastations that we need fear today, rather it is the nibbling away in small bites of what we cherish—of the institutions and arrangements that freemen in the free world have constructed at great cost and sacrifice over the years. The real challenge is not a dramatic one. The real challenge is losing by default—because we do not have the tenacity of purpose to work for what we believe in and want. The real challenge today and in the future is in the economic arena and particularly in the field of world trade. This is the Soviet secret weapon that goes off without a bang.

Our real secret weapon is an old, tried, and true one. To support the Simpson substitute bill would be to throw away our most effective weapon that we have to fight with to turn tail and run before the battle is joined. This is a posture that America in self-respect cannot assume. We cannot afford, for our own sake and for the sake of the free-world community, to do anything less than enact the committee bill.

Mr. REED. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Illinois.

Mr. MASON. In connection with cotton imports, the latest official figures are that 354,000 employees lost their jobs in the last 4 years; yet the gentleman says if all trade barriers were released we would only lose maybe 200,000 jobs.

Mr. TABER. Mr. Chairman, I think it is about time that we approach this problem from the facts, that we approach it considering the problems with which America is confronted today.

Over a period of 100 years the United States has built up the best economy in the world by a protective tariff. What is the situation today? As a result of the failure of proper adjustments of duty, we are at the present time in a situation where we have factory after factory running on half time or quarter time. We are in a situation where our people are out of work. That situation is continuing and it is becoming more and more dangerous.

What is the trouble? These people across the water have always failed to pay wages which would properly compensate the people who are working for them. They have failed to do the things that are necessary to raise the standards of living in their own communities. They have sought by terrifically low prices to swamp the United States markets.

What happened? We got along pretty good for the first few years after the war, before the other countries began to pull themselves together and to be in a position where they could face the music and where they could begin to send stuff over here. Now it has come and we are right up against that situation.

Now, what we are going to face as we go along with the approach that we are following at the moment to the tariff question, is a situation where we will get too high a tariff because of the tremendous trouble that we are getting into as a result of the free trade business.

It seems to me that in this consideration of the several measures now before us for the extension of the Trade Agreements Act the basic question in issue is the future foreign trade policy of the United States. I believe that simply stated, while our foreign trade policy has been to negotiate trade agreements with other nations on an alleged reciprocal basis, the Congress never intended that tariff concessions would be made which would result in injury to American industry, agriculture and labor. The intent of Congress in this respect is clearly

expressed in the peril point and escape clause provisions of the Trade Agreements Act. Unfortunately, however, in many instances in the administration of the act, this policy has been disregarded. The future of many United States industries is being jeopardized for dubious diplomatic objectives, or to promote the interest of those United States industries exporting products or who have plants abroad from which they import products. Aside from the obvious inequity of these actions I do not believe that it is wise from the standpoint of our national security or economic strength that we sacrifice our diversification and self-sufficiency for such questionable reasons. I think our experience over the last few years demonstrates beyond a shadow of a doubt that the present peril point and escape clause procedures are of no value and that if the Congress really intends to protect our economy against loss of industries and jobs it must recapture its constitutional responsibility for the regulation of foreign trades.

H. R. 12676, the Simpson, Dorn, Davis, Bailey bill, would accomplish this objective. Section 7 of this bill provides for the submission by the Tariff Commission of its recommendations on escape clause cases to the President and to the Congress. If the President believes that a recommendation of the Tariff Commission should be modified he may advise the Congress of his views, and if the Congress, within a prescribed period of time, takes affirmative action agreeing with the President's position the Tariff Commission recommendations will be modified accordingly. Otherwise the Tariff Commission recommendations will stand. It is my belief that this provision is sound. In effect it relieves the Congress of the necessity of considering the details of tariff problems, and the Congress would only have to consider those cases where the President recommended changes to the Congress.

H. R. 12591, as reported by the Ways and Means Committee and supported by the freetraders, contains a provision on this subject which would permit the President to veto or modify a Tariff Commission recommendation, which action could only be overcome by a two-thirds vote in both Houses of Congress. I point out that H. R. 12591 extends the act for a period of 5 years, and I raise the question as to who will be President 3, 4, or 5 years from now. Further, to what extent will the internationalists and freetraders in our bureaucracy control decisions in these matters? It is perfectly obvious that the Departments of State and Commerce have different views on our foreign trade policy than intended by the Congress. It is also obvious that the Congress has not been able to provide language expressing its foreign trade policy in such a way as to make it impossible to nullify its policy in the administration of the act. Therefore it is clear to me that the enactment of this provision would be a complete abandonment by the Congress of its present foreign trade policy and its constitutional responsibility in these matters. The provision offers no protection

to domestic industry and labor because it would be ridiculous to assume that small industries injured by imports could obtain the necessary two-thirds vote in both Houses of Congress to overcome a Presidential veto.

As I indicated earlier it seems to me that there is now clearly in issue before the Congress the question of whether or not we desire our foreign trade policy to be a policy of free trade without regard to the certain disastrous effects on many of our industries and hundreds of thousands of jobs, or do we want our foreign trade to be conducted on a basis that will preserve our existing industries and will insure employment and opportunity for the workers. It is my view that we should strive to maintain a growing and diversified industry and a self-sufficiency in all areas of production. It is also my view that we can have a healthy and expanding foreign trade without sacrificing American industry and jobs and jeopardizing our national security and economy. For these reasons I am voting for the Simpson, Dorn, Davis, Bailey bill, and I earnestly urge that you also support this bill. In the event that this substitute is voted down I shall vote to recommend the bill.

(Mr. TABER asked and was given permission to revise and extend his remarks.)

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. KING].

Mr. KING. Mr. Chairman, much has been said pro and con on the bill sponsored by the gentleman from Pennsylvania [Mr. SIMPSON] and the committee bill and particularly since the distinguished gentleman from Louisiana [Mr. Boggs] made what in my opinion was a very clear explanation of the dangers involved in the event the substitute bill should be approved, I feel there is not too much else that can be said at this time dealing with the provisions of the substitute bill.

However, when members of the Ways and Means Committee sit for some 5 long weeks, meeting every day, and resolve a most complicated proposal such as the extension of the Trade Agreements Act by a margin of 18 favorable votes out of a total membership of 25, it seems to me significant. Personally, I am generally satisfied when committees of the House come to their conclusions in like fashion.

I daresay there is not a district in the entire country that does not have in it an industry or an enterprise which feels either it is being injured or that it will be injured sometime in the future because of imports. In my own particular district, I find it somewhat embarrassing to find men who are operating an establishment or who are proprietors of an establishment who are convinced that somehow or another their falling off in trade or business is somehow due to importations. It is a very difficult thing to determine. I have talked to proprietors of concerns who have been convinced that it was because of imports. But, in questioning them quite thoroughly, they are not just sure. There are many businesses that have

failed and there are many businesses that are suffering depression that have no competition whatever from imported products or commodities. So it is difficult, indeed, in most instances to lay the blame on importations. This proposal has come to the House many times in the last 20 years. I believe in the relatively short time that I have been privileged to serve on the Committee on Ways and Means, it has been before us 4 times. The arguments for and against extension have been very similar from the first to this present time. In the last effort made by our committee to extend this program, we prevailed in the House by but one vote. That was 3 years ago.

Mr. Chairman, when the House votes tomorrow on the extension of the Trade Agreements Act, the United States during that rollover will be pausing at a fateful fork in the road. Three years ago the House approved extension and took the right fork by a margin of just one vote. But special drama will attach to this year's decision for many other reasons.

Three years ago the Soviet Union had not fully launched its astounding program of economic penetration through trade and aid. Three years ago this country was not in a serious economic slump, much of the answer to which clearly lies in the resumption of growth in foreign trade. Three years ago Western Europe had not joined in a common market which could erect formidable barriers against American exports, with the most serious consequences, if the world's steady progress toward freer trade were arrested by an American reversion to protectionism. Three years ago American relationships with the other nations of this hemisphere, both to the north and south, had not been so gravely compromised by trade policies made increasingly halting and confused by protectionist inroads.

By approving the Trade Act extension, we will not only maintain this keystone of free world cooperation under the General Agreement on Tariffs and Trade. It will steady the administration's hand against further dilutions of basic reciprocal trade policy of the kind that have so seriously undercut broader foreign policy goals. And it will serve notice that the United States is in the free world partnership to stay.

In the Committee on Ways and Means I voted to report out H. R. 12591 and I am speaking here in support of that bill and in opposition to the substitute bill H. R. 12676.

I, with other members of the Committee on Ways and Means, sat through the extensive recent hearings and executive sessions of the committee relating to the extension of the trade agreements legislation. I want to congratulate the distinguished chairman of that committee for the conduct of those proceedings and for the care with which H. R. 12591 has been formulated.

The testimony presented in those hearings emphasized the importance that the trade agreements program has occupied in our foreign policy and the widespread support the program enjoys

among our own people. That support comes not only from people who recognize the importance of the program to our position of leadership among the countries of the free world and who evaluate the program on general and theoretical grounds. It comes also from businessmen, farmers, bankers, and labor—people who have had in mind the relation of the program to their immediate interests as well as to the long-run general interests of the country.

Now it should be clear from what has been said by Members who have previously spoken here in support of either bill that the committee bill would provide for continuance of the trade agreements program while the substitute would provide for its termination.

The substitute bill, while ostensibly providing authority to the President to enter into trade agreements with foreign countries, would practically eliminate any meaningful tariff bargaining with foreign countries. It would do this partly in that the quantitative limitations on the authority to reduce duties would be reduced from those contemplated by the 1955 act. In the first of the 2 years for which the Trade Agreements Act would ostensibly be extended, the rate of duty on no classification of imports could be reduced by more than two-thirds of the amount provided for by the 1955 act and only to that extent in the case of rates that had not already been reduced in agreements negotiated since 1955. In the second year of the act's effectiveness it would permit reductions to the extent of only one-third of those permitted by the general specifications of the 1955 act.

More significant, however, in the bearing on future trade agreement actions are the amendments in the provisions relating to the procedures in negotiating agreements provided for by the substitute bill. These would require the Tariff Commission to collect information on the prices and costs of production here and abroad on all import items with respect to which agreements might be made. I may call to your attention that in the period between 1922 and 1930, in which the principal work of the Tariff Commission consisted of cost of production studies involving comparison of costs of production of particular goods here and abroad, only a handful of such studies were ever completed. According to the information I have obtained from the Tariff Commission, the number of such studies completed in the 8 years between 1922 and 1930 was less than 40. When it is considered that there are thousands of classifications of imports separately provided for in our tariff and that particular trade agreement negotiations conducted in the past have covered hundreds of items, it is clear that the operations of the Tariff Commission that would be required under the substitute bill would effectively prevent any considerable trade agreement negotiations.

The substitute bill would also make the Tariff Commission's decisions practically final as to the decreases or increases in duties or other restrictions on imports that might be brought into effect

in pursuance of trade agreements. That is to say, if the Tariff Commission found it possible to assemble the data above referred to on a few import items, the Commission's decisions would be practically final. Determinations by the President as to the trade agreement concessions that might appropriately be made without Tariff Commission approval could be brought into effect only by the enactment of legislation.

The testimony of officials of the executive branch at the committee's hearings indicate that in the 2-year period for which the President's authority to enter into trade agreements with foreign countries would be extended by the substitute bill, no considerable trade agreement negotiations are in contemplation. Thus, the provisions of the bill above referred to are probably not of immediate and direct importance. It appears that the purpose of these provisions is to lay the groundwork against possible later meaningful extensions of the act.

For the immediate future the most important features of the substitute bill, however, lie in its proposed amendment of the provisions relating to escape clause proceedings. And here again, as with respect to the amendment of the peril point procedures, the intention of the bill is to make Tariff Commission findings and recommendations practically final.

Now, what interests me is why the proposed arrangements recommend themselves to supporters of the bill. They surely have had no great enthusiasm for the Tariff Commission's findings and recommendations in the past. In this connection I call your attention to the fact that of the 74 investigations conducted by the Tariff Commission under the escape clause provisions in the past, the Commission found no grounds for recommending the imposition of higher duties or other increased import restrictions in 44 and in 5 other cases the Commission was evenly divided so that in less than one-third of its escape clause investigations did the Tariff Commission by unanimous or by majority vote recommend modification or suspension of concessions. Some of the cases in which the Commission failed to recommend higher duties or increased import restrictions involved domestic industries that have been among the most bitter complainants about the trade agreements program. Moreover some of these cases have been decided since the Commission has been manned by appointees of the present administration. Conspicuous among such cases are those relating to hardwood plywood, one of the investigations involving bicycles and another involving nonwoven wool felts. Why, then, the enthusiasm for making the Tariff Commission's decisions in escape clause cases practically conclusive rather than leaving some discretion with the President to reject or accept the Tariff Commission recommendations on the basis of the information and findings which he can obtain from all departments of the executive branch.

In connection with the recommendations of the Tariff Commission in escape-clause cases and the President's response thereto under the present leg-

islation, attention should be called to another consideration. This is that in some of the cases in which the President has not given effect to the Commission's recommendations arrangements have nevertheless been worked out that promise more relief to the domestic producers than the Tariff Commission's recommendations would have afforded. I refer here especially to the cases of velveteens and stainless steel flatware. In these cases the Tariff Commission recommended modification of the concessions to permit the imposition of higher duties on the imports involved. The President did not act on these recommendations but arrangements were worked out with Japan, the principal source of the imports, under which the Japanese are restricting their exports to this market and probably to a greater extent than the Tariff Commission's recommendations would have done.

Another escape-clause investigation—relating to imports of gingham fabrics—was withdrawn by the applicant after the Japanese program for the restriction of exports of cotton textiles to this market was announced last year. Another escape-clause case in which the Tariff Commission recommended increased restrictions on imports is that relating to lead and zinc. Here the President has not yet acted or reported upon the Tariff Commission's recommendations. In the light, however, of the President's recommendation to the Congress last year that increased duties be imposed on imports of lead and zinc, it seems likely that some action will be taken to afford relief to the domestic lead and zinc mining industries.

I have recited the preceding facts in order to concentrate attention on the question of why the supporters of the substitute bill are now finding so much virtue in the Tariff Commission's operations—operations that have frequently in the past been the basis for their complaints and why the practical elimination of the President from the picture is so much desired.

Can it be that proponents of the substitute bill hope that members of the Tariff Commission may be more susceptible to pressures from private domestic interests and from individual Members of Congress than the President may be? In other words, is it possible that the proponents of the substitute bill hope that, if the Tariff Commission were given practically final authority as to the implementation of escape clause provisions, the decisions of the Commission might reflect a protectionist orientation to a greater extent than they have in the past. In this connection I should like to raise a very general question. In the light of the recent attention which the operations of independent agencies have received, would Congress wish to increase the authority of such an agency? Still another question that needs to be considered carefully is this: What really is the justification for complaints against the discretion which the President enjoys under existing legislation in accepting or rejecting Tariff Commission recommendations in escape clause cases?

As I see it, the principal amendment of the existing legislation provided for by the committee bill, as by the substitute bill, are in the amendments of escape clause provisions. I believe that the provision of the committee bill providing for systematic and automatic congressional review of the President's actions in response to Tariff Commission recommendations in these cases may make the executive branch more careful in explaining its actions. Moreover, if the President's actions in these cases should involve a clear disregard of the intent of the Congress as expressed in the legislation there will be an established procedure for Congress overriding the President's decisions and giving effect to the Tariff Commission's recommendations. The arrangements provided for by the committee bill go as far, I believe, as it is appropriate to do in providing for the possible overriding of the President's decisions in escape clause cases.

I should also like to call to the favorable attention of the House the provisions of the committee bill which will provide for improvement in the reporting by the executive branch as regards the administration of the security provisions of the trade agreements legislation and also of the progress being made in securing alleviation of the restrictions on imports of American products into foreign countries that are parties to trade agreements with the United States.

I need not repeat or enlarge upon the statements made by other speakers favoring the committee bill as to the importance of extending the trade agreements program at this time for a substantial period.

(Mr. NEAL asked and was given permission to extend his remarks at this point.)

Mr. NEAL. Mr. Chairman, I regret time was not available for me to speak on this matter personally.

I think if this committee bill passes to extend the trade agreements for a period of 5 years without the remedial language contained in the Simpson substitute, I can see trouble ahead for the national economy and the people of the United States.

Previous speakers have emphasized the extent to which many industries have been seriously endangered by the administration of the existing trade agreements. My colleague, the gentleman from West Virginia [Mr. BAILEY], called special attention to a number of West Virginia industries that are now all but remnants of their original thriving status. Throughout the whole Nation much the same picture will be found, if only the proponents of this bill would admit it.

I do not think that the average Member of Congress is impressed with the argument that the Reciprocal Trade Agreements Act has been instrumental in bringing about the volume of export trade which this Nation now enjoys. During the first 6 years of its administration, foreign trade remained practically unchanged. It was the prewar and war years and the pressure for more

material which brought about the rapid increase in foreign trade that we experienced until 1945 when World War II came to a close. This trade undoubtedly would have developed regardless of the Reciprocal Trade Act.

During this whole period, the industrial machine of the United States was strained to its capacity and industrial expansion rose to an unprecedented high which, when peace was declared, left the American industrial potential in position to produce far more than ordinary peacetime demands would justify. Through the big heartedness of the American people who bore the burden of cost under excessive taxation and through the philanthropic policies of the executive and State departments, the American Government took upon itself the obligation to restore the economies of the war-torn nations of Western Europe and Japan. It would be only natural for our foreign trade to expand remarkably during this period. It was equally natural that the defeated countries and the smaller nations of the world were ready recipients of both agricultural and industrial products which we were able to produce in excess.

During these years the Federal Government has involved itself to the extent of some \$60 billion in order that our former allies and some of our enemies might be restored to the point where they might be able to produce for themselves.

As it appears now, Germany, Western Europe, and Japan are fully recovered, able to produce consumer goods for their own benefit, and heavy industrial tools and equipment which they can supply to the underprivileged nations now desiring to equip themselves industrially.

I do not believe that extension of the Reciprocal Trade Agreements Act, as proposed by the Committee, will be instrumental in improving our foreign trade in any measure commensurate with conditions which existed previous to this time. The defeated nations, overpopulated, lacking in raw materials, must necessarily buy these products from other sources. The sources from which they buy these products need finished goods, the cost of which they can meet with products of their own. The United States, on the other hand, because of our bounteous production of most of our raw materials and our consumer goods, is in no position to accept in trade the things that most countries today have to offer us in return for our export commodities. In addition to this, most of our competing nations in the world today enjoy labor differentials which give them another distinct advantage over the United States in foreign trade. Therefore, I wish to remind the Congress that the opportunity for United States exports in the immediate future—at least as long as we remain at peace with the world—will be greatly lessened because of conditions mentioned above. It follows, therefore, that if we are unable to use imported materials, imported commodities, in exchange for our exports, we must either accept worthless foreign exchange from the many underdeveloped countries or purchase volumes of com-

modities from the more industrialized countries which we now already produce in abundance in order to give them exchange with which to buy our products.

It must be recognized that during the past 10 years, during the whole period of growth of American exports, that the United States has made it possible for most of the nations of the world to purchase our products through grants, easy loans, or outright gifts. To assume that we are going to continue to expand foreign trade in the same proportion which we have experienced during the past 10 years boils down to the necessity of either furnishing the funds with which to buy our products or building up those funds by accepting volumes of consumer goods which in turn are now replacing and will continue to replace American labor and the capital investment which make employment possible.

I need not remind Members of this House that financial or economic difficulties that might arise in our country will be considered a direct obligation of any foreign country. These nations, nationally inclined as they are, will certainly protect themselves in preference to helping America pull her chestnuts out of the fire.

So, with these things in view, looking upon the difficulty with which we will meet foreign competition in the near future, I want to insist that America's first duty—at least insofar as foreign trade is concerned—is to consider the immediate and long-term interests of the people of our own country.

Export trade heretofore has directly favored those individuals and groups who have been the recipients of the profits to be derived from this policy—the manufacturers of heavy industry, the export-import trade organizations, and the international bankers. Throughout the whole country, smaller industries, largely engaged in the production of consumer goods, have become the victims of present-day trade policies. If these trade policies are continued, more and more small industrial units throughout the country, representing prosperous communities and providing reasonably steady employment for a large portion of our labor component, will be relegated to the category of the unemployed.

Mention has been made that extension of foreign trade is in the interest of national welfare. If concentration of population in large areas, where heavy industrial equipment—the type that is salable to foreign lands—is produced and where crowded, sanitary and health conditions, juvenile delinquency, crime, and racketeering prevail, if this is good for the general welfare, then I am unprepared to accept it.

On the other hand, I maintain that the welfare of the Nation depends upon an increasing number of smaller, growing, prosperous communities, widely spread throughout the Nation, engaged in the production of materials for home consumption, employing trained people who have grown up with their neighborhood, who contribute to the welfare of their community, who are home owners and supporters of their local schools, are the backbone of the future civilization of

the United States and for that reason I believe any foreign trade policy that fails to recognize the injury being done to this class of our citizenry is not only un-American but is not good for the general welfare over the long pull.

While I am convinced that our executive and State Departments must have certain freedom in regulating the policies of foreign trade, I am equally convinced that the administration bill does not provide sufficient checkreins to prevent the administrators of the Reciprocal Trade Act from following policies that are detrimental to small business and small industry and to the general welfare as well.

I shall therefore vote for the substitute bill sponsored by Mr. SIMPSON, Mr. DAVIS, and others, in the belief that its provisions will make it entirely possible for the small industries that have shown themselves to be unduly punished by the import of cheap foreign products to apply for and receive satisfactory treatment from the Tariff Commission.

As I stated earlier, the United States growth has been one, so to speak, of lifting herself by her own bootstraps. We still have an independent, capable, productive capacity which we would like to preserve. To further reduce tariffs and leave ourselves open to competition from our foreign producers will eventually change the entire outlook of the whole economic picture of the United States and leave us and our world trade at the mercy of foreign competitors.

Remember we must stand alone. No other nation will assume that obligation for us.

Mr. REED. Mr. Chairman, I yield 15 minutes to the distinguished gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, I think we all appreciate that the issues and ramifications of this problem are many. In listening to this debate we have heard discussions of many different areas. I am not going to try in any way to cover the waterfront, nor am I going to suggest that I have the capacity to cover the waterfront of this very difficult program.

As I have listened to some of the discussion I wonder whether our Parliamentarian has been paying close attention, because it might appear there has been a mistake made in referring this matter to the Committee on Ways and Means; that it might more properly have been referred to the Committee on Foreign Affairs. This in spite of the fact that tariffs are directly related to commerce and trade.

We also heard a great deal about the maintenance of our markets. Let me suggest this to many of you, I do not think there is anybody at any place in the world that is buying American products today just to say that they are buying American products. Our markets abroad are determined in each case by whether we are offering something to them that they need and at a price they are willing to pay. If they can get the same item someplace else either cheaper or of better quality, they are not going to buy from us. In fact, if they produce

it at home, they are going to buy from their own producers.

The gentleman from Louisiana [Mr. Boggs] went into a discussion about the Brazilian situation. He said Brazil would spend with us every cent, every dollar that it could get based on what we buy from them. In other words, if we would buy from them, anything we paid them in dollars they would spend right here. He just failed to look at the record. In fact, if you will go to the U. N. Year Book, you will find that as between this country and Brazil we bought from Brazil \$630 million worth of goods in 1955. But did they spend those dollars here? Oh, no. They spent \$240 million, and they kept the balance, \$390 million, American dollars, which they used to trade with other countries, to buy commodities from other than in the United States. Let us not get all worked up about this proposition that if we can get dollars into their hands they will spend those dollars here, because you must remember that the American dollar is used as a medium of exchange not only between this country and other countries but also between second, third, and fourth countries.

As some of these people discuss the American dollar situation, and foreign trade, I would suggest they look a little at what has happened to the American gold situation in the last year or so, and become concerned.

I am not going to worry about many of the details of this legislation that is before us today. I am not going to be concerned about the period of the extension. I am not even going to worry about how much authority we give to the President to negotiate additional agreements and additional reductions. As far as I am concerned, the President can negotiate and enter into all the agreements he wants in order to encourage trade, just as long as in doing so no American industry, no job of an American worker is sacrificed or jeopardized in the process.

I know there are some people who rise up in holy horror when we talk about giving some protection. But when they do so they ignore the law of the land. I think the administration is ignoring the law of the land. I would call your attention to the fact that in the Trade Agreement Act itself, in section 6 of the extension of the act of 1951, we find this language, and mark it well. And let the freetraders mark it well. This is supposed to be the law of the land:

No reduction in any rate of duty, or binding of any existing customs or excise treatment, or other concessions hereinafter proclaimed under section 350, Tariff Act, 1930, as amended—

That is the Trade Agreements Act as amended—

shall be permitted to continue in effect when the product on which the concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

That, Mr. Chairman, is the law. That is what this Congress declared to be the

law as far back as 1951, and it is still the law today.

No reduction in duty shall be permitted to stand if as a result of it there is being imported into this country commodities so as to seriously injure or seriously threaten to injure an industry producing like or directly competitive products. That is what the law states. As far as I am concerned the President can enter into any agreement he likes as long as he follows the law. I support this program and I support this legislation on that basis. But, Mr. Chairman, the worst enemies, it seems to me, of the program of expanded trade are those who refuse to recognize that section of the law, who refuse to recognize that we have an obligation to our own domestic industry, that we have an obligation to see, as the law declares that we shall, that they are not seriously injured or threatened with serious injury.

I know there has been talk, and other Members have addressed themselves to it, about the escape clause. The gentleman from Indiana [Mr. HALLECK] suggested that we have taken care of this particular problem because in the 80th Congress, we wrote an escape clause and peril-point provision into the law.

The gentleman from Florida [Mr. HERLONG] in discussing the subject, said that as long as no industry is injured we should continue this program; and he went on to say, in effect, that no industry in this country is being damaged or injured by the program.

Do not take my word for this, but let us look at the record. But before we do that just let me say that every President we have had during the existence of the trade-agreements program, and every time a President has sent up a proposal for renewal of the program, and in the interim, beginning with President Roosevelt when the program was first sent up, made statements to the effect that under the administration of it no domestic industry is ever going to be injured or hurt. Every President, right down the line, has repeated that promise: President Roosevelt, President Truman, President Eisenhower. But, as I say, let us look at the record, just since the escape clause has been put into the procedure. These figures relate back only to the escape clause, and only to cases where there had been a hearing before the Commission and a determination by the Commission. I am not going to talk about the many cases of industries that are so small they cannot afford the process of going to the Tariff Commission. I am not going to talk either about those who have felt that although they were being injured for some reason or other they were not justified in going to the Tariff Commission. I will just take those actions that went to the Commission. There have been 87 cases.

A decision was made by the Commission finding that the escape clause action was justified, in other words, that serious injury was being incurred, in 25 cases by a majority decision of the Commission. In 5 other cases there was a split decision, 3 to 3. There has been 30 cases where there was a determina-

tion that injury did exist, that the injury was a result of the imports and remedial action was necessary in order to prevent further injury.

You have 30 cases. In how many of those did the industry actually get relief? In how many cases did the President actually put into effect the recommendation of the Tariff Commission? In 10—10 out of 30. Those are very poor odds. If you ask me, it is expecting an awful lot to ask any industry to go through the expense, and trials and tribulations, of going to the Tariff Commission when their expectation of relief, even if everything goes in their favor, is only 1 chance out of 3. You might assume, I suppose, that out of these 87 cases the balance of 57 were cases in which the Commission found that no injury existed. But that is not true. Those 57 cases—and I will ask you to study them—do not prove that at all, because there are other bases upon which the Tariff Commission does not find favorably.

There is, for instance, the plywood case. In spite of the fact that the law provides if an industry is threatened with serious injury corrective action shall be taken, in the plywood case the Tariff Commission found that "the deterioration which the industry experienced covers too short a period to justify a finding of serious injury." They did not say that serious injury did not exist and that it was not going to continue. All they said was that the period covered by the investigation was too short a period to make any final determination. Yet that was one of the cases that was dismissed.

There is the knit glove case. Those cases were withdrawn. Why? Because it was apparent that the Tariff Commission had no power to make a recommendation which would be effective because of the multitude of other competitive items that the Tariff Commission could not act on due to the fact that they were not before the Commission in the proceeding. The case was withdrawn.

Take the case of the tuna industry, and I am sure the gentleman from California [Mr. KING] who spoke a while ago must be interested in this. They went before the Tariff Commission. I think the gentleman from California will testify, as many witnesses did before the committee, that the tuna industry of the West is seriously damaged. From what? The importation of Japanese tuna. There are various varieties of tuna and the form in which it is imported. The Tariff Commission is without power to act in terms of all of them and without acting on all of them the relief is not satisfactory relief. So in this case escape clause action was not recommended by the Commission. That does not mean the tuna industry is not being injured today because of our tariff trade policies under this particular act.

The State Department could cure the situation in the tuna case. Will they? No. All they have to do in order to cure this situation and give authority to the Tariff Commission to make a recommendation which would be effective

would be to freeze in a trade agreements the present duty status on those types of tuna that are not now covered under a trade-agreements act. It is that simple. That would make it possible for the Tariff Commission to make a recommendation. Do you suppose they will do it? Oh, no. In fact, I am not so sure that they didn't purposely leave this item out just so the Tariff Commission could not act. But Mr. Chairman, where the Tariff Commission has found that injury exists, in only 1 out of 3 cases did the President take action to carry out the recommendation of the Commission. Yes, even in those cases where the injury has been of long standing and the Tariff Commission unanimously recommended action, no relief has been forthcoming.

I call your attention to the case of lead and zinc. In 1954 there was a unanimous decision favoring relief, another decision this year found that the lead and zinc industry was being injured and relief was necessary, and still no action has been taken and still mines are being closed.

Look at the ground fish fillets cases which I know is of interest to the Members from Massachusetts. There were 3 investigations: in 1952, in 1954, and in 1956. In 1952 they found, by a split decision, 3 to 2, against relief. In 1954, however, the Tariff Commission, by a 3 to 2 decision, said that escape clause action was necessary. In 1956, by unanimous decision, 6 to 0, they said that the industry was being injured by imports and action should be taken, but still the President has refused to invoke the escape clause and still this industry is being injured.

I repeat, Mr. Chairman, that if we could be assured that our industry would be given adequate protection, I would not worry about length of time, I would not worry about the amount of authority given to the President under this act, but I am very concerned when I know that there has been no demonstrated intention to carry out the terms of the law.

The trouble with the administration of this act, Mr. Chairman, is that we rush in with enthusiasm to grant tariff reductions for the benefit of some foreign manufacturer or exporter, and we apologize to no one for doing so, but when a domestic producer and his workers are being injured and corrective action is needed, we procrastinate, we delay, we refuse to act on the grounds that to act might offend some foreign producer and his government, and then in those few cases where we do act, we act with great apologies; great apologies to the foreign exporter and his government. If we take action at all, we do it very reluctantly. We should make it clear, Mr. Chairman, that we are desirous of sponsoring profitable international trade, but we shall make it equally clear that as a Government we must and we will protect our own people against unfair competition.

Mr. Chairman, the contention will be made that the industries injured by imports are small and relatively unimportant; that we should be concerned only with the overall effect of our trade program. Although they may be small and

relatively unimportant, in comparison to some of our huge export industries, they are most important to the areas in which they are located and the men who are employed in them. I assure you that the plywood industry is important to many areas of Wisconsin and the Northwest. The ground fish fillets industry is important to Massachusetts. The tunafish industry is important to the west coast. I think it is important to all of us that the little guy gets a square deal.

If the Government does not protect minorities, if it does not protect the small fellow, it is failing in its responsibility. The fisherman is an American. The plywood worker is an American. They are entitled to fair and just treatment by their Government. The trouble is they are not getting fair treatment. They are not being protected against injury resulting from our trade program.

This bill as presented by the committee, Mr. Chairman, does not give that protection. They talk about changing the escape clause. They have not changed it one iota. They have offered us a sop. What do they do? They suggest that we can take action in a way which we have always had the authority to act. Congress has always had the right to pass a bill and then, if the President vetoes it, to override it by a two-thirds vote. They tell us that they are giving the Congress more right by all of a sudden telling us that we can override a presidential veto by a two-thirds vote. Well, when could we not? That is the question I ask.

I must make one reference, and that is to the suggestion, I understand, that came down in a letter from the President that anything less than a two-thirds vote would be unconstitutional. Well, I happened to see the Attorney General's opinion in that regard, and I would put the word "opinion" in quotes, because I would not call it an Attorney General's opinion; I would not call it an opinion of any kind of an attorney. If I was hiring an attorney to give me an opinion on something important and I got an opinion like the President got from a certain Attorney General, Mr. Wilkie, I would get a new attorney mighty quick. There is nothing in the opinion that resembles in any way a legal opinion on the constitutionality or the legality of any proposition. I suggest if a two-thirds vote is constitutional in this matter, a majority vote is constitutional. Mr. Chairman, I think the committee would have been performing a service if they had provided a procedure where we could review the delegation of power made by this law and select between a Tariff Commission recommendation and a presidential recommendation by a majority vote. But this sop that they offer us in the guise of strengthening the escape clause, Mr. Chairman, is nothing. Until we get something that will assure us that the escape clause is meaningful, until we have assurance that section 6 of the Trade Agreements Extension Act of 1951 is carried out, in spirit and in letter, I shall oppose further extensions of the act.

(Mr. KEATING asked and was given permission to extend his remarks at the conclusion of the remarks of the gentleman from Wisconsin [Mr. BYRNES].)

Mr. KEATING. Mr. Chairman, in considering extension of the Reciprocal Trade Agreements Act this year, we are presented with a clear black or white proposition. It is a definite "take it or leave it" situation.

Either we are going to continue America's paramount role in promoting the welfare of our domestic industries by means of encouraging the flow of trade among the free nations of the world, or we are going to turn our back on the world and end the policies of cooperation which hold the best hope for keeping peace in the world.

There can be but one choice in this situation. My vote in favor of the bill as reported by the committee will be dictated by a number of vital considerations.

As unquestionably the greatest single producing, selling, and buying Nation, the United States is the nucleus of the interlocking structure of free-world trade. We sell far more abroad than we buy. But it is clear that if we were now to reduce our imports, many countries would necessarily buy less from us.

If the United States were to choose to turn its back on world trade, a worldwide trade contraction would inevitably set in. Country after country would react by erecting further trade walls, as happened in the 1930's as a result of our tariff policies at that time.

If the United States were to curb its participation in world trade, it would be playing directly into the hands of the Communists. It would not only place the greatest of strains on the political alliances which today deter Kremlin aggrandizement. It would also encourage the already vigorous Communist plans for economic penetration abroad. This astounding program—not fully under way 3 years ago when the act was last extended by Congress—poses a very real threat to the freedom of the non-Communist world. We must not bow to it by withdrawing from the field.

Mr. Chairman, there is solid economic logic behind extension of the trade agreements. Obviously, no country can continue to export if it is unwilling to import. No creditor nation such as the United States can hope to maintain healthy and growing overseas relations unless it is willing to receive products as well as ship them out.

It has been reliably estimated that some 4½ million Americans owe their jobs to one phase or another of foreign trade. Failure to pass a reasonable trade-agreements bill would directly hurt these workers. On the other hand, passage of the bill as reported by the committee would directly promote trade and so enlarge opportunities for expansion in this important field of economic activity.

I have studied extensively the impact of the Reciprocal Trade Agreements Act on my own congressional district. I am convinced that many more people in the 38th Congressional District benefit from foreign trade than may be indirectly adversely affected as a result of it. Im-

pressive figures have been prepared for me which demonstrate the strongly positive effects of foreign trade on Monroe and Wayne Counties, the two counties in my district.

Some 118,000 residents of these two counties are engaged in manufacturing, of whom about 78,000 work in 4 categories of industries with substantial foreign business. The estimated exports of these industries in 1956 was about \$75 million.

These figures may be broken down, as follows, into four major categories:

First. Instruments and related products: About 50 establishments in Monroe and Wayne Counties fall within this category. They employ over 45,000 persons, and their estimated exports are \$39 million.

Second. Nonelectrical machinery: 157 companies employ nearly 9,000 people in this category in the two counties of my district. Their estimated total exports were \$16 million.

Third. Electrical machinery: 28 Wayne and Monroe County establishments employ almost 13,000 people in these industries. Their estimated total exports were nearly \$12 million.

Fourth. Food and related products: 249 concerns employ over 11,000 persons. Their estimated exports were about \$8 million.

In addition to these categories, firms in my district engaged in printing and publishing, in textile manufacturing, and in clothing and related production, all participate extensively in import and export activities with nations abroad. There is, in fact, in the district, a veritable gamut of types of industries which benefit directly from trade overseas, not to mention those which profit indirectly from foreign trade.

In the field of agriculture, the district's list of commodities which are favorably affected by exports is imposing. The estimated exports of fruits approaches \$3 million. The exports in field crops tops \$2 million. And, in addition, there are sizable exports of vegetables, poultry, and products, and livestock and products. The 13,000 persons who work on farms in Wayne and Monroe Counties thus have a direct stake in overseas trade. Their estimated exports in the 1956-57 marketing year was \$5.7 million.

Mr. Chairman, these figures and others which I have studied demonstrate inescapably how essential it is to our domestic industries that the Reciprocal Trade Agreements Act be extended in reasonable form. The figures for the 38th Congressional District reflect roughly the national picture regarding the beneficial aspects of our vigorous participation in world trade.

We must never overlook the fact that America's part of the free world's exports last year was about a fifth. That figure represents more than all purchases of automobiles and accessories in our country. It is more than all the furniture and household equipment bought in America. And, also, we should remember that our farmers send the products of 1 out of every 5 acres overseas.

It is significant to remember that under our present trade policies our ex-

ports far outweigh our imports. Last year we exported about three times as much as we imported. Impressive figures are furnished by the New York Chamber of Commerce showing that 1 out of 4 wage earners in the New York area is dependent on foreign commerce. The Rochester and Buffalo Chambers of Commerce, presumably speaking in the interests of the vast majority of their members, have registered their support of this measure advocated by the President. The major labor organizations, likewise, urge support of the bill before us.

Mr. Chairman, the so-called Simpson substitute has been erroneously billed as an alternative plan to extend the trade agreements act. Actually, it is nothing of the kind. It is, actually, directly opposed to the objectives of the Trade Agreements Act. It is supported, in the main, not by the friends of expanded world trade but by those who seek to terminate the Trade Agreements Act.

This so-called alternative proposal would effectively put an end to the trade agreements program. Under its provisions, it appears highly unlikely that any new trade pacts could be made which would result in tariff reductions.

The substitute proposal seeks to change radically the basis on which tariff negotiations are carried out. As a matter of fact, there is serious question as to whether any such negotiations would be possible under its provisions.

The carefully disguised features of this substitute cannot hide the fact that it would reverse entirely the philosophy and procedures of our present trade agreements efforts. It would deliver into the hands of the Tariff Commission—rather than the President—power over trade negotiations. Extensive sabotaging of overall plans would be possible because the President would be unable to prevent abuse of the powers inherent in the escape clause, national security provisions, and special agricultural adjustments and exemptions.

By giving the Tariff Commission the increased authority, a double whammy would be introduced. The Commission, by law, can only consider factors of injury to domestic industry—narrow criteria, despite their clear importance. Other factors of crucial importance to the national welfare, such as the effect of import curbs on our export trade, the effect on our political and economic relations with our allies, and the effect of the denial to American consumers of the benefits of world price and quality compensation—all these would be left out of consideration in formulating policy.

The result could be a myopic, short-sighted foreign trade policy which might shine in the short run, but which could spell disaster over the long haul. In effect, then, this so-called substitute proposal represents an abrupt reversal of all the policies under which this Nation has prospered domestically and under which the economic might of the free world has been immeasurably increased.

Mr. Chairman, I want to emphasize that I have every sympathy for those domestic industries which have been adversely affected by foreign competition.

Their pleas should not be ignored. The law provides that they should have relief upon a proper showing of real injury flowing from this foreign competition. This law should be administered in such a way as to afford relief where a case is made for it.

To the extent that certain specialized industries are actually hurt by increased imports, for example, provision can be made for temporary "adjustment assistance." That is a realistic answer which does not undercut the entire trade-agreements program.

But the protectionists—either through misinformation or misguidance—are attempting to do much more. They are, in this proposed alternative, attempting to penalize American consumers generally rather than trying to provide special aid for the group of workers who may be directly damaged as a result of liberal tariff policies.

Mr. Chairman, this body today is faced with a big decision. It will require big thinking by broad-gaged men of vision if we are to reach the conclusion which will best serve the welfare of our Nation. What we have before us, in effect, is the old, old story of specific short-term interests against the general and long-term interest. The question is whether we will be able to look beyond the end of our economic noses to the broad vistas of the future.

We must decide whether we want higher tariffs to help certain industries and localities, at least in the short run, but which will hurt other more numerous export industries and their workers in the long run.

We must decide whether we are ready to condone the starting of a crack in a foundation pillar of this country's foreign policy.

We must decide whether we are prepared to disavow our postwar efforts to build the power of the free world and repudiate our country's policy of cooperation with the rest of the world.

By approving this measure, and rejecting the so-called alternative, we will be maintaining a keystone of the free world. We will be bolstering a vital segment of our foreign policy. We will be serving notice to the world that the United States intends to stick with our allies as partners in the great endeavor for world peace. At the same time we will be saving the jobs of a vastly larger number of workers than the number involved in the relatively few industries adversely affected by increased imports.

An honest weighing of the national interest in chances for the growth of our economy as a whole and in the further cementing of our world-trade bonds of friendship, must compel a vote in favor of extension of the Reciprocal Trade Agreements Act. I shall vote for this measure in the conviction that it will best serve the interests of my constituents, of America, and of the free world.

[Mrs. ROGERS of Massachusetts addressed the Committee. Her remarks will appear hereafter in the Appendix.]

Mr. REED. Mr. Chairman, I yield such time as he may require to the gen-

tleman from Connecticut [Mr. PATTERSON].

(Mr. PATTERSON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PATTERSON. Mr. Chairman, those who favor a continuing, further reduction of our tariff rates, as provided for in the administration's bill H. R. 12591, would have us believe that unless that bill is passed, our trade agreements will be abrogated, our international pledges will be broken, and our tariff rates will revert to the levels of 1930. In short, we will be returning "to the law of the jungle in trade relations between nations." Nothing could be further from the truth.

If no bill at all were passed at this time, the only matter that would come to an end would be the power of the executive, acting on behalf of the State Department, to enter into new tariff-cutting agreements. Everyone familiar with the existing legislation knows this to be so. Not a single agreement now on the books would be broken; not a single current tariff rate would change; no legitimate pledge would be broken. Our present rates, already among the lowest of any major trading nation, would remain in that relative position. We would still be the outstanding leader among those who have made tangible reductions in barriers to international trade.

But this is not enough for those among us who would put American jobs and the American standard of living on the bargaining block. The administration, speaking not only for itself but for a future administration as yet unknown to us, would extend the executive's power to cut our tariff rates a further 25 percent over a 5-year period. It is obvious that they intend to use this authority or they would not press so hard to receive it. This is the essence of administration bill H. R. 12591.

In the light of these facts, the Simpson-Dorn-Davis-Bailey bill in a compromise which is more than fair to those who espouse the doctrine of freer and freer trade. It extends the bargaining powers of the President and the State Department for another 2 years, but at least it limits that tremendous authority, in point of time, to those executive officials whose intent, whose integrity, and whose ability are known to us. It does not extend it to persons yet unknown. The other major features of the Simpson-Dorn-Davis-Bailey bill are merely designed to clarify and to insure the considered intent of Congress in the actual administration of these tariff and trade affairs, to the end that American capital, American management, and American workmen will have a fair day in court when they are prepared to prove injury from the rising competition of cheap foreign labor.

That is what the Congress has said it wants. That is what the Congress will get if the Simpson-Dorn-Davis-Bailey bill is passed. And a rising tide of our citizens want it too.

New let us get down to a few specifics. All sections of the country are being hard hit by cheaply produced imports. You

will be hearing of the plight of the textile people, the wool growers, oil producers, machine tool builders, and many, many more. To all of these injured industries and their jobless workers the people of Connecticut extend their sympathy and hope they will join with us in achieving a realistic, fair tariff structure that will keep America strong.

Probably no congressional district is more deeply affected than mine in the variety of products which are being undercut in the market by unfair foreign competition. The watch and clock, rubber, woodscrew, pins, bicycle parts are only a few of the industries that are in serious straits.

Let us take the brass mill industry as an example. Prior to the trade agreements program in the 1930's this very essential industry—vital in both peace and war—exported an average of 49,900,000 pounds, and imported 722,000 pounds each year. Thus exports exceeded imports by over 49 million pounds. What is the picture now? In 1957, exports were a mere 13 million pounds, and imports were 108 million pounds. Imports thus exceeded exports by 95 million pounds. Those figures sound fantastic, but they are true.

Bear in mind that the brass-mill industry is one of the most progressive in the Nation. Its wages are among the highest. Its labor relations are good and its employees in most instances have spent considerable time in training for this highly skilled work. The majority of the businesses are small in that they employ less than 500 workers. Each concern, large or small, is an important factor in the economic health of its community.

Are we going to let these industries go to the wall, their workers be dispersed, and this important segment of our national production be exported to cheap-labor countries? What is happening in the brass-mill industry is happening to others. This ruinous trend must be checked.

I urge my colleagues to support the Simpson-Dorn-Davis-Bailey substitute for the committee bill. We must act now or it will be too late.

Mr. MILLS. Mr. Chairman, I yield 17 minutes to the gentleman from New York [Mr. KEOGH].

(Mr. KEOGH asked and was given permission to revise and extend his remarks.)

Mr. KEOGH. Mr. Chairman, I rise in support of H. R. 12591, the trade agreements extension bill, as reported by the Committee on Ways and Means and in opposition to the substitute—H. R. 12676—to be offered by the gentleman from Pennsylvania [Mr. SIMPSON]. I believe that the committee bill is an infinitely superior piece of legislation. It was carefully worked out in committee. The committee bill would continue in an effective manner and with adequate and improved safeguards the trade agreements program. The substitute bill would in my opinion virtually destroy the trade agreements program and turn the trade clock back a quarter of a century.

I want to address myself to the provision of the committee bill relating to con-

gressional review of presidential actions in escape clause cases and to compare it with the provision of the substitute bill that is somewhat similar. My discussion will be directed to an exploration of the legal and constitutional issues involved.

COMMITTEE BILL

The provisions of the committee bill (H. R. 12591) set forth in sections 5 and 7 provide a special method by which the Congress may participate in determining whether or not effect should be given to Tariff Commission recommendations for relief in escape-clause cases. This is a most controversial field. The administration's proposals, introduced by the chairman of the Ways and Means Committee and by the gentlemen from New Jersey [Mr. KEAN and Mr. FRELINGHUYSEN] and the gentleman from Michigan [Mr. CHAMBERLAIN], contained no provisions on this matter. Other proposals, one of which I will discuss later, contain much more far-reaching provisions. Sections 6 and 7 of the committee's bill constitute a provision which will permit a greater degree of congressional participation in escape-clause cases where the Congress considers it necessary to do so, without destroying the present discretion of the President to take various factors of the national interest into consideration in deciding what action he should take on Tariff Commission recommendations in this sensitive field.

The bill is not complicated in this respect. Under existing law, if the President decides not to give full effect to the recommendations of the Tariff Commission for escape-clause relief, he is required to report to the Ways and Means Committee of this House and to the Finance Committee of the other body his reasons for not doing so. The committee's bill merely provides that in any such case the Congress may, by concurrent resolution, passed by two-thirds majority in each House, give effect to the full recommendations of the Tariff Commission, provided that such resolution is adopted within 60 days after the receipt of such report. Such a concurrent resolution shall be highly privileged in each House, including the right of a Member to move to discharge the Ways and Means Committee or the Finance Committee from further consideration of the resolution after it has been before either for 10 days.

This does not upset the present discretion which now resides in the President to either accept, or to reject in whole or in part, the Tariff Commission's recommendations. He may continue to reject Tariff Commission recommendations because he disagrees with the Commission on the question of injury, because he considers the proposed relief would not materially improve the condition of the industry, because he deems the interest of consumers or of exporters whose markets might be adversely affected by proposed action to outweigh the producer's interest, for important reasons of foreign relations, or for any other reason relating to the broad national interest. The wisdom of the President's continuing to have such discretion was considered and strongly en-

dorsed by your committee in its report on the bill which became the Trade Agreements Extension Act of 1955, and reaffirmed this year. The present bill before you does not change this basic situation.

On the other hand, there are many who believe that the President has too often failed to give full effect to the Tariff Commission's escape clause recommendations. Up to now there has not been an effective and organized way for the Congress to examine these complaints. They may be right or they may be wrong. Of course, it has always been possible for the Congress to enact legislation, over the President's veto if necessary, to give effect to such Tariff Commission recommendations as have been rejected by the President. This has never been done, for various reasons. The Committee has received the President's reports of why he has failed to carry out Tariff Commission recommendations, but bills have not been introduced to reverse his decisions. Whether that was because he was right or because the path of a bill too difficult is a matter on which we can only speculate. The committee's proposal, both by providing for the privileged character of the concurrent resolution, and by setting a 60-day time limitation for its passage has attempted to prepare the way for expeditious action by the Congress in cases in which there is a widely held belief that relief should be provided a domestic industry beyond any that may have been made effective by the President.

This procedure bears a considerable resemblance to other legislation which contain provisions that decisions of the President will become effective unless disapproved by concurrent resolution of the Congress, or in some cases by simple resolution of either House. In both instances the President has been authorized to exercise his discretion; and in both the exercise of such discretion becomes final unless within a specified period—and with privileged character for its deliberations—Congress has positively indicated that it is dissatisfied with the exercise of such discretion in a particular case.

Questions have been raised in some quarters as to the constitutionality for such purposes of a concurrent resolution by the Congress which is not to be submitted to the President. This matter was carefully considered by the committee. Use of concurrent resolutions for similar purposes has become an established practice by the Congress during the past 15 or 20 years. It has been used in numerous instances, including a large number of laws which have provided that they might be terminated, normally prior to a fixed date, by a concurrent resolution of the Congress. There have been no court decisions interpreting the constitutional provision regarding the submission of a bill to the President—article I, section 7 of the Constitution—as forbidding this type of action by concurrent resolution, although serious contentions have been made that the device is unconstitutional.

The use of such resolutions has been defended on the ground that they pro-

vide for the effectiveness of congressional action upon the happening of a particular event. We have provided in legislation that the duty on copper, lead, and zinc should be suspended until the market price dropped to a particular point, and that upon the happening of such event the duty should be reinstated. The present escape clause provisions provide in effect that the recommendations of the Tariff Commission shall become effective in the event that they are approved by the President. The committee's proposal merely adds to the latter condition an additional alternative event upon which such recommendations shall become effective—that is, upon the adoption of a concurrent resolution by the Congress by a particular vote and within a specified period.

There would be no question of the constitutionality of congressional action by a two-thirds vote to override a Presidential veto of an earlier bill putting into effect Tariff Commission recommendations which had been disapproved by the President. The committee's proposal provides that by the same majority by which the Congress could override such a veto it may take the same action which it could unquestionably take if the President had rejected the Tariff Commission recommendations twice—first, before the Congress acted, and second, after it had acted and sent the bill to the President. This procedure eliminates the first action by the Congress, passage of a bill, and the veto which would be expected from the President for the same reasons that he had originally rejected the recommendations of the Tariff Commission. It is thus believed that the requirement that the resolution be passed by a two-thirds vote, which is analogous to repassing a bill after a veto, will enhance the position in favor of constitutionality if it is attacked in a court proceeding as it undoubtedly will be.

Thus the bill retains the vitally important Presidential discretion in escape clause cases, but permits the Congress to act in important cases by a method which is based on repeated precedents in practice and which incorporates an element which will certainly assist in meeting constitutionality attacks.

COMPARISON WITH SIMPSON BILL

I would like now to compare the procedure proposed in the committee bill with the provisions in the substitute. This alternative proposal would completely reverse the situation. It would take from the President all his existing discretion, unless you would consider it an exercise of discretion for the President to be able to delay for 60 days the entry into force of recommendations by the Tariff Commission which he considers should be completely rejected for reasons of overriding national interest.

Under the substitute bill the President would have only 30 days, in contrast to his 60 days under the present law and the proposal of the committee, in which to decide whether to accept or reject the Tariff Commission's recommendations and to report to the Congress reasons for rejecting them. The recommen-

dations of the Tariff Commission would become effective, even if rejected by the President, unless within 60 days of the notification to the Congress by the President of his reasons for rejection, a law has been enacted supporting the President. It is highly important in this comparison, to emphasize that the substitute bill would give no privileged position to the enactment of this law. It would be subject to the many and varied delaying tactics with which we are all familiar, including extended debate, in order to delay its passage beyond the requisite 60 days. All of us know the difficulties of securing expeditious action on a bill to which there is no substantial opposition. It would be practically impossible to obtain the passage within 60 days of such a bill, which would be fought by the lobby which had been successful in obtaining the escape clause recommendations from the Tariff Commission and probably by many others. In fact, if not in law, this proposal would completely remove from the President the important discretion which he now has and which the committee has considered to be so important.

Moreover, under the substitute bill, if the recommendations by the Tariff Commission should be made while Congress is not in session, they must be made effective provisionally within 30 days. There would be no opportunity, short of a special session of the Congress and prompt action thereby, for the President to refrain from putting into effect such recommendations on the 30th day. Provision is made that, upon reconvening, the Congress could take action rejecting such recommendations, not only would such action be unlikely, for the reasons given above, but, even in a case in which there was sufficient agreement in Congress with the presidential view that effect should not be given to the recommendations, irreparable damage to the foreign relations of the United States or to some other national interest might already have taken place as a result of the requirement that the President give effect to such recommendations provisionally prior to the reconvening of Congress.

The problem for decision between these two measures is a simple one. Should we adopt the substitute which would, for all practical purposes because of the extreme difficulties of prompt legislation by the Congress, substitute the view of the appointed members of the Tariff Commission—with their relatively narrow focusing on the questions of increased imports and injury to an industry—or perhaps to a minor segment of an industry—for the view of the President based on his wide experience and knowledge of all the factors making up the total national interest. With all due respect to the commissioners of the Tariff Commission, who even indicated to your committee that they did not desire that their recommendations should become final decisions, there is only one answer which we can give. The President is elected by all the people. He represents us all. Through his Cabinet, his mission abroad, and many other sources within the executive, he obtains information

which makes him, and him alone, the person best suited to make determinations in matters which affect vitally our national interest.

I cannot take time to enumerate the many laws passed by the Congress which have given discretion of one form or another to the President. They are legion. Among those which have given to him untrammelled discretion in matters relating to foreign relations and other considerations in the national interest are statutes relating to the laying of submarine cables and the approval of international civil aviation routes. In the Curtiss-Wright case, the Supreme Court recognized that the Constitution allows us to delegate, and that we properly have delegated to the President, in matters relating to foreign relations, "a degree of discretion and freedom from statutory restriction which would not be permissible were domestic affairs alone involved."

Let us make no mistake about it. The provision of the substitute bill would give Tariff Commission decision, both under the escape-clause and peril-point provisions, a finality that is unusual and extraordinary. The Tariff Commission, an independent agency, would, in effect, be making final adjudications with respect to complex matters of national policy without the provision for judicial review or Presidential review of such determinations. Unlike the other independent agencies of Government whose procedures and acts are governed by the provisions of the Administrative Procedures Act, the Tariff Commission would be acting under a law to itself. It would be making adjudications based on *ex parte* investigations. Its adjudications would be final and not subject to judicial review.

What is most novel in terms of constitutional and administrative practice is this: Despite the fact that any actions taken by the Commission and any determinations made would have profound effects on our foreign relations, the President would not have the authority to review such determinations. Contrary to the opinion of the Supreme Court in the Curtiss-Wright case, that I quoted a few minutes ago, the discretion of the President would not be broader than if domestic affairs alone were involved but rather the discretion of the President would in fact be virtually eliminated. This is offensive to anyone who has any sensibility for constitutional practices and arrangements. We would be making a grave and serious error if we enacted the substitute bill.

Precedent and commonsense combine to keep the discretion in the President. The committee bill proposes an adequate safeguard for prompt action by the Congress to protect domestic industries in any cases in which there is general recognition that the Presidential action has been unwise. To go further would be worse than folly, it would actually damage the interest of the United States.

Mr. REED. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. VAN ZANDT.]

Mr. VAN ZANDT. Mr. Chairman, I rise in opposition to the committee bill,

H. R. 12591 and in support of H. R. 12676, the so-called Simpson bill, which will be offered at the proper time as a substitute for the committee bill.

When I first came to Congress in 1939, I opposed unrestricted reciprocal trade agreements on the grounds that they were destroying the jobs of coal miners and railroaders in my congressional district in Pennsylvania.

At that time imported Russian coal had captured some of the eastern seaboard coal markets from coal producers in central Pennsylvania. Later on the importation of residual oil from Venezuela began to flood the eastern seaboard, thus destroying the principal market for Pennsylvania-mined coal—especially in my congressional district.

During the 82d Congress, I voted to extend reciprocal trade agreements because there was contained therein the so-called peril point amendment which was designed to provide a checkrein on imports that could destroy the jobs of American wage earners.

During the 83d Congress I joined many of my colleagues in an effort to stop the uncontrolled flow of foreign goods which included residual oil by supporting the so-called Simpson bill, which would have written into law a quota limitation. As many will recall, the Simpson bill was returned to committee by a small margin of votes.

Since the 83d Congress, those of us who oppose uncontrolled imports by insisting on quota limitations have been betrayed by idle promises in the form of worthless recommendations concerning the peril-point amendment, and the window-dressing job performed by the Randall committee under the guise of solving the plight of American industries adversely affected by the importation of cheaply manufactured foreign goods.

More recently it was a suggested voluntary agreement on the part of American oil interests that was employed to soothe the ruffled spirits of those of us who were fighting to curb the unrestricted flood of foreign residual oil.

Mr. Chairman, I predicted in 1939 that uncontrolled cheaply manufactured foreign imports would eventually not only create ghost towns in the coal areas of the Nation, but would also adversely affect the general industrial economy by destroying the jobs of American wage earners in various other industries.

Speaking especially for my congressional district, my prediction in 1939 has become a reality. For example, practically all of our deep mines in central Pennsylvania are closed and thousands of miners have been unemployed for several years.

In fact, many mining towns have been abandoned and their empty and dilapidated rows of houses stand as a grim reminder of the destructive effects of the shortsighted policy of unrestricted importation of foreign residual oil.

In addition to the prostrated condition of the coal industry and the resultant effect on the railroads and related industries, cheaply manufactured foreign products other than residual oil have vitally affected other industries such as glass and pottery, brass mills, gas and taximeters, machine parts, textiles, fruit

and vegetable growers, and many other industries. I repeat again that the uncontrolled importation of cheaply manufactured foreign products has adversely affected all these industries.

Now what is the result? According to the United States Department of Labor, my congressional district has been classified for years as a critical area and was recently placed in class F because of the fact that nearly 18 percent of the civilian labor force is unemployed. This unemployment is not confined to coal miners and railroaders but includes employees of various other industries that I mentioned.

In my home city of Altoona, Pa., nearly 10,000 people are unemployed—6,000 of whom are railroad employees with several thousands of this number having exhausted their rights to railroad unemployment insurance benefits. A similar condition exists among coal miners and employees of other industries who have exhausted their eligibility for unemployment compensation benefits from the State of Pennsylvania.

Mr. Chairman, let me try to pinpoint the evil effects of foreign imports in the industries I have mentioned by spokesmen for various industries.

First, I should like to quote Mr. R. T. Laing, executive director of the Central Pennsylvania Coal Producers' Association, Altoona, Pa. Mr. Laing says:

Central Pennsylvania's bituminous coal production in 1957 decreased from nearly 58 million tons in 1948 to 36 million or nearly 40 percent and a further deficit of several million tons is expected for 1958. From the standpoint of employees, in 1948 we had nearly 49,000 persons employed in the coal industry in the central Pennsylvania area as compared to 22,600 as of December 31, 1957, a drop of nearly 45 percent.

Mr. Laing continued by saying:

The present provision of the Reciprocal Trade Agreements Act is largely responsible for the economic crisis which the coal industry is now encountering and which has closed many mines in this area while others are operating on an average of 3 days a week.

Mr. Laing concluded by saying:

Unless the Reciprocal Trade Agreements Act restricts the imports of residual oil, the coal industry is headed for more serious trouble.

From the Rockwell Manufacturing Co., Du Bois, Pa., manufacturers of meters, I quote Mr. P. A. Wick, an official of that firm, who stated:

Tariff reductions have reduced our taximeter business 50 percent and will reduce it further. Import quotas, licenses, and currency restrictions of foreign nations have severely curtailed our export business and result in the obvious fact there is nothing reciprocal about reciprocal trade agreements. Foreign wage rates 30 to 50 percent below ours with ratio ever increasing due to our wage and fringe increases make it obvious we cannot compete now and time will increase the disadvantages if the law is extended.

From the Butcher & Hart Manufacturing Co., Altoona, Pa., manufacturers of parts for the American bicycle industry, let me quote Mr. J. H. Butcher, president of the company, who says:

Serious inroads have been made by manufacturers of our products in Germany, Eng-

land, Italy, the Netherlands, Belgium, and Japan through their ability to price imported merchandise at a level which seriously disrupts our market. Their sales policies have been most disruptive to our industry, which have brought about not only a loss of business but created a condition of harassment among our customers. While the current recession has had a part in our level of activities, unrestricted imports of overseas manufacturers have reduced our operations by 50 percent.

From the Jackson Vitrified China Co., Falls Creek, Pa., Mr. H. F. Allen has this to say:

The pottery industry in America is in a hell of a mess due in part to the reciprocal trade policy.

Mr. Allen's powerful statement is too lengthy to read at this point because of the time so I should like to quote the following excerpts:

The Sears Roebuck & Co. and the Montgomery Ward Co. do not list in their catalogs a single piece of American made fine china. The so-called fine china listed in the catalogs of these two companies is imported from Japan, where prices are so low, due to low labor costs, that American manufacturers cannot possibly compete.

The average wage scale paid in our particular plant averages \$1.93 an hour. I have been told the average wage scale in Japanese potteries is between 12 cents and 20 cents an hour.

A national policy to give our industry away to foreign countries and thereby create unemployment, idle plants and breadlines here, does not seem to me to be the way to keep America safe and sound.

From the R. S. L. Shuttlecocks Co., Ltd., Altoona, Pa., president G. P. Thompson says:

The past year or two we have spent considerable money in the installation of injection molding machines and making dies for the production of plastic badminton shuttlecocks, only to find that it is difficult to operate profitably because of foreign competition, mainly from England and Germany.

A large part of the market here is being supplied by an English manufacturer at prices less than half that which he is selling a similar item on the home market. In other words, he is obviously dumping on this market.

Mr. Chairman, Carroll R. Miller, secretary-manager of the Appalachian Apple Service, Inc., Martinsburg, W. Va., speaking for 1,400 fruitgrowers in Maryland, the Virginias, and in Pennsylvania, including in particular my home county of Blair, has the following to say:

The principle of reciprocal trade agreements is good but some important nations have reneged habitually on their obligations through quotas, time restrictions, etc. Thereby our fruitgrowers have been victims of rank, costly discrimination. After unsuccessful attempts in past several years to correct this through usual channels more positive steps are necessary.

Mr. Miller also says:

Export markets are highly important to apples; an outlet that can stabilize prices by spreading supplies. We ask no favors; just access to markets that are not rigged against us by governmental ukase, when this has been foresworn by mutual agreement.

Mr. Chairman, located at Bellefonte, Pa., in my congressional district, is the Titan Metal Manufacturing Co., manufacturers of brass mill products, of which Mr. W. W. Sieg is president.

Four years ago, at the request of the State Department, foreign production teams sponsored by the Economic Cooperation Administration spent several days at the Titan plant during which time they were familiarized with plant layout, equipment, operation, and management. Fully indoctrinated regarding brass mill operations, the foreign production teams returned to France and having copied Titan's methods of producing brass mill products and are now among Titan's chief competitors.

According to President Sieg, of the Titan Metal Manufacturing Co.:

Before 1950 Titan saw little or no indication of business loss due to imports. However, during the first quarter of 1956 Titan's orders started to decrease until today we are booking about 25 percent of the volume we were booking during the first quarter of 1956.

Mr. Sieg further states:

Known brass-rod business lost to imports in 1957 approximates 6 million pounds and so far in 1958 3 million pounds.

He continues by saying:

Not all of the reduction in Titan's labor force can be blamed on imports, but it is significant that the over-all percentage of business lost to importers parallels that of the percentage drop in employment. Using 1955 as a base (100 percent) Titan's payroll has decreased as follows:

	Percent
1956	5.90
1957	6.73
January 1958	14.30
March 1958	15.41
May 1958	21.68

Mr. Chairman, it is pertinent to point out that the brass mill industry as a whole, and of which the Titan Metal Manufacturing Co. is a part, exported in the period 1930 to 1939 an annual average of 50 million pounds as compared to imports of 722,000 pounds.

In 1950, the exports decreased to 33 million with the imports increasing to 31 million pounds. But now let us look at 1957 when the exports dropped to 13 million pounds while the imports skyrocketed to 108 million pounds.

In a few words here is what is happening. The imports are steadily increasing while the import duty is steadily decreasing with the net result that exports have decreased to the point where reciprocity for the brass mill industry is truly a one-way street.

Mr. Chairman there are other industries in my congressional district that have felt the unfair competition from the importation of cheaply manufactured foreign goods. I want it understood that the industries in my congressional district can face fair competition from any industry anywhere. However, when the American markets are thrown open to a flood of competitive imports produced with cheap foreign labor, the standard of living of every American wage earner will be sacrificed.

Let me quite some figures concerning average hourly earnings in the United States with other countries. These figures speak for themselves: United States, \$2.07, as compared with Belgium, 53 cents; France, 39 cents; Germany, 48 cents; Italy, 33 cents; Japan 24 cents; Great Britain, 62 cents; Mexico, 22

cents; and the Netherlands, 35 cents. The source of this information is the International Financial Statistics, April 1958.

In concluding my statement, I should like to repeat here today what I said here in 1955 that I believe in the principle of reciprocal trade, but it must be based on a two-way street and thus be mutually beneficial.

As President W. W. Sieg of the Titan Metal Manufacturing Co., Bellefonte, Pa., pointed out, our reciprocal trade program is a one-way street, and the word reciprocity has therefore become meaningless.

Mr. Chairman, as I said earlier in my statement, throughout my congressional career I have supported the principle of reciprocal trade in the belief that such provisions as the peril-point amendment, escape clause, and so forth, would protect American industry and the jobs of American wage earners.

Today in my congressional district with nearly 18 percent of a 99,000 labor market unemployed and a good percentage chargeable to reciprocal-trade agreements, I cannot in good conscience support the committee bill because it will simply continue the same policy that has forced the misery of unemployment upon my constituency.

Thousands of my constituents—all good Americans and victims of this reckless foreign-trade policy—are today dependent for their existence upon public-assistance benefits and surplus-food commodities.

I regret that it is not possible for Members of this body to talk to these unemployed Americans as they stand in line to pick up their surplus-food coupons. If it were possible for you to talk to them, you would hear the pitiful story of their plight as citizens of a nation that boasts of its high standard of living.

In the event that some of you may wonder what the residents of my congressional district are doing to alleviate the chronic unemployment situation that we have been faced with for years, let me state that every community in my congressional district has an active committee engaged in trying to attract new industries. To finance their activities, these committees have raised millions of dollars by voluntary subscription.

To date they have had some success in obtaining new industries. But here is what is happening. As new jobs are created, imported cheaply manufactured foreign products more than nullify the effort being made to rehabilitate the economy. In plain words, it is a losing battle.

Mr. Chairman, as the Representative of these deserving Americans who are willing and eager to work and unemployed through no fault of their own, I would betray their trust in me if I failed to vote for the Simpson bill, which will curb the flow of foreign residual oil and cheaply manufactured foreign products that have robbed American wage earners of their right to earn a livelihood for their families.

(Mr. VAN ZANDT asked and was given permission to revise and extend his remarks.)

Mr. REED. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. ARENDS].

Mr. ARENDS. Mr. Chairman, I rise in support of the pending bill to extend the Reciprocal Trade Agreements Act. In my judgment, both from a domestic and an international standpoint, this proposed extension of the reciprocal trade program is one of the most important measures to come before us.

Over the years, since 1934 to be exact, the Congress has reviewed and reviewed again every aspect of it. On each and every such review, including that now being made, the Congress has been impressed with the extent to which the program has contributed to our economic progress as a Nation and to our international stature with peoples of the world.

No country in the world has greater productivity than this great country of ours. We can produce almost anything. We can produce in abundance. In fact, our longstanding problem in the field of agriculture has been production in overabundance.

A basic question is: where, to whom and how can we sell the products of this great productive capacity with which we are blessed? To maintain our economy at a high level, to maintain our high standard of living, to provide jobs for all, we must somehow, somewhere, in some way, develop new markets and enlarge existing markets for the products of our soil and industry.

That is the basic purpose of the reciprocal trade agreements program, and it has served that purpose well. One of the reasons we have enjoyed an expanding economy is that we have been able to develop and enlarge markets for our products. And the primary reason we have been able to accomplish this has been the effectiveness of the reciprocal trade program. It has indeed proven its value; to the farmer, to the manufacturer, to the workingman and to our whole economy.

You need only to look at the chart to be found on page 16 of the committee hearings to see at a glance how our foreign trade has grown. The trade agreements program has stimulated a healthy expansion of international trade and has been an important factor in our economic growth here in the United States.

I call your attention to the fact that in 1957 our exports of products reached the all time high of \$19.5 billion, and this was approximately \$6 billion more than we imported.

The district I am privileged to represent is primarily agricultural. As we all so well know, we have been making a continuing search for a practical solution to the agricultural problem. In this continuing search a fundamental question continues to be: what shall we do with our farm surpluses and, at the same time, maintain a healthy agricultural economy?

A partial answer has been found in the development of foreign markets. For the fiscal year 1957 our exports of farm commodities alone amounted to \$4.7 billion in value. Of that total nearly four-fifths went to countries with whom we have trade agreements.

To be sure, some of our farmers are more directly dependent upon exports for their products than others. But all farmers, whatever commodities they may raise, have a stake in foreign outlets whether or not a single item he produces is shipped abroad. Any loss of foreign markets forces the producer of the export crops to switch to production for the home market. The mere fact that production from 1 acre in 5 moves abroad takes a great deal of pressure off the domestic market and serves to strengthen farm prices generally.

I cannot too strongly emphasize the importance of foreign trade to agriculture. It is important not only to agriculture. It is important to our whole national economy.

In considering this program for the elimination of artificial trade barriers and the promotion of international trade, we might well ask ourselves this very simple question: How can you or I buy anything unless we have the money to pay for it? We cannot. Then let us ask ourselves: How can people abroad buy anything we have to sell unless they have the dollars with which to buy? They cannot. How, then, can they get dollars unless we bankrupt ourselves and them through outright loans and gifts?

The answer is that in order for people abroad to be able to buy from us we must be willing to buy from them. They have many things we do not have, but we need and want. Critical and strategic materials so essential to our industrial production is a notable example. From abroad we import such things as coffee, cocoa, tea, rubber, bananas, and sugar, all of which contribute to a higher standard of living for all of us.

The reciprocal trade program is designed to develop this exchange of goods—to enable others to buy what we have to sell and, at the same time, provide protection to our own manufacturers and farmers from injurious foreign competition.

Mr. Chairman, the Reciprocal Trade Agreements Act has proven its value to us, nationally and internationally, and it must be extended.

(Mr. SADLAK (at the request of Mr. REED) was given permission to extend his remarks at this point in the RECORD.)

Mr. SADLAK. Mr. Chairman, the trade agreements program was originated in 1934 by the Secretary of State, Cordell Hull, who supported free-trade proposals from the time he entered the House of Representatives in 1907 through his service as Secretary of State. In fact, he was largely responsible for the imposition of the income tax. He believed that such a tax would enable the Federal Government to operate without the tariff revenues which up to 1913 had met most of our fiscal needs.

Many of the difficulties with our trade agreements arise from the fact that they have been administered by the State Department. This program was conceived as a device to promote our foreign policy objectives rather than in terms of the best interests of the consumers and producers in the United States who in the last analysis must supply all the tax rev-

enues to support our foreign policy, whatever it may be.

The trade agreements program originated as a device for opening new markets to American products by inducing other countries to lower their tariffs and other import restrictions in exchange for our tariff concessions.

While real reciprocity was possible when only tariffs were negotiated, there was no mechanism in the act of 1934 for bargaining to eliminate embargoes, quotas, state purchasing, and other discriminatory devices used to restrict American goods.

Although the United States obtained some concessions in return for its own tariff cuts, American duties were not always the prime inducements. In some cases, foreign nations agreed to negotiate on tariffs in order to become eligible for foreign aid.

The truth of the matter is that only five other countries have reduced tariffs by a higher ratio than the United States. Most major trading nations appear to have raised their tariffs. The United Kingdom, which is next to the United States in magnitude of world trade, shows a 43 percent increase since 1937. France, the third greatest trader, has increased duty levels by 37 percent. Canada, fourth ranked in world trade, has reduced tariffs by a relatively modest 13 percent. This, my colleagues, is hardly reciprocal.

Mr. Chairman, it is my belief that H. R. 12591 does not fulfill the objectives it purports but rather is misleading, and deluding, giving very little or no additional prospect that relief will be granted to domestic industries under escape clause procedures. It falls lamentably short of giving the encouragement that American business is now seeking.

This bill is much more than a tariff bill. It once more deprives Congress of its authority and responsibility to regulate our foreign commerce, lodging this power back into the hands of the Executive. To quote part of the minority report to which I have affixed my signature, "The most firmly established concept which the Congress imparted to the trade agreements legislation in 1934 was the principle that the authority would be used in such a manner that injury to domestic industries would be avoided. Now as the executive department once more appears before Congress seeking renewal of the authority, the President's message for the first time in the 24-year history of the Trade Agreements Act fails even to pay lip service to that principle, and with good reason. The Ways and Means Committee has heard a parade of witnesses testify as to the injurious manner in which the trade agreements authority has been exercised." I would like to add that this record has convinced me that the executive branch has consistently let other considerations dominate the intent the Congress had expressed in enacting the escape clause mechanism. Congress intended that mechanism to be used by the executive branch to grant relief to domestic industries who could convince an expert and impartial Tariff Commission that they had been injured by the excessive im-

portation of competing commodities. A classic example of this is the stainless steel flatware case.

I am particularly interested in the stainless steel flatware industry since 50 percent of the industry is located in my home State of Connecticut. Because stainless steel imports had mushroomed from 883,000 dozen in 1953 to over 11 million dozen in 1958, 97 percent of the imports coming from Japan, the industry appealed to the Tariff Commission for relief under the escape clause provision. The Commission conducted a thorough and comprehensive investigation of the case and as a result of their investigation found that stainless steel flatware is being imported into this country in such increased quantities as to cause serious damage to our domestic industries. These imports have caused some of the stainless steel plants to lay off as many as 50 percent of their workers. To quote part of the Commission's report, "In face of the competitive advantages possessed by foreign producers because of their lower wage rates, United States manufacturers have been unable to turn their operating losses into profits and have suffered sharply increased operating losses due primarily to the great increased imports from Japan." Yet, even though the Commission found substantial injury in this case, their recommendations were not observed by the President.

Executive vetoes of Tariff Commission recommendations have raised the executive judgment above the legislative. As long as this domination, exercised in great part by the Department of State, continues, laws of Congress in the field of tariffs and trade will be ignored or circumvented.

During the Korean War the State Department established the International Materials Conference. This organization operated with no statutory authority. It allocated the strategic and critical materials of the world to each nation on the basis of what it termed their "entitlement for consumption."

The State of Connecticut, as everyone knows, is the center of the copper and brass industry. It also has important aluminum fabricating facilities. There are countless other industries which manufacture finished products from these basic materials. During the spring of 1952 I received numerous complaints from my constituents whose jobs were sacrificed when the Defense Production Act was used to implement the State Department policy of allocating scarce materials by edict to all countries whether or not they were participating in the Korean conflict.

Early in March 1952 the minority leader, the distinguished gentleman from Massachusetts, JOSEPH W. MARTIN, asked me to serve as chairman of a committee to study the effects of the International Materials Conference on the electrical industry. As a result of my study, I introduced an amendment to the Defense Production Act to make it impossible for the State Department to use this legislation to destroy American industry and assist our foreign competitors. Many of the newer members are not familiar with

the debate which took place on this floor on this amendment in June of 1952. Although it was sponsored by a member of the minority party and was strongly opposed by the State Department, it was adopted on a teller vote—169-102 with strong bi-partisan support. This experience opened my eyes as nothing else could to some of the problems which confront American industry from certain State Department policies.

We had become so dependent on foreign production for many basic raw materials that we were unable to meet increased mobilization requirements from domestic sources. Furthermore, while we were contributing the major effort both in money and in manpower to fight the Korean War, the State Department was more concerned with preserving civilian production in other countries which were competitive with our own products. Although the International Materials Conference was initially proposed as a means of furthering the war effort, strategic materials were actually taken from our military stockpile to assist in maintaining so-called entitlements for consumption to other countries.

The gentleman from North Carolina [Mr. DURHAM], an acknowledged authority on the strategic stockpile presented conclusive evidence that our security had been imperilled.

My study of the impact of IMC on the electrical industry focused my attention on the difficulties American business was experiencing in obtaining copper. However, I had occasion to see many instances where IMC activities adversely affected other lines of activity. For example, the production of stainless steel flatware contributes to employment in my State. During the Korean emergency no nickel whatsoever could be used for the production of stainless steel for fabrication into such articles. However, the International Materials Conference allocated nickel to other countries which were in a position to sell their products in the American market during a period when American production of these articles was virtually impossible, and they, of course, were able to displace American products in foreign markets.

Private American capital expanded American production to provide adequate raw materials to prevent a repetition of the difficulties experienced during the Korean mobilization. Aluminum for aircraft production is a material of great strategic importance. The Federal Government encouraged the expansion of domestic capacity through agreements with producers whereby aluminum would be purchased by the Federal Government when it could not be absorbed by the domestic market for a period of years.

Since 1956 the United States has had sufficient producing and fabricating capacity to supply all domestic aluminum requirements. With low and continuously declining tariffs, however, and despite poorer market conditions in the United States during 1957, aluminum imports not only continued to come in but actually increased. As a result, since December 1956, domestic pro-

ducers have been compelled to exercise their "put" rights under the Korean mobilization expansion contracts. As a partial offset to the 222,000 tons of primary imports during 1957, the Government consequently purchased that year 208,000 tons of domestic production under these "put" provisions. Since domestic capacity continues to be substantially in excess of market needs, every ton of imports adds to the necessity of exercising these "put" rights which amount to 345,000 tons in 1958 and 197,000 tons in 1959.

Mr. Chairman, I need not remind the committee that these payments to the domestic producers are an added burden on all American taxpayers.

The Secretary of Commerce in an address delivered in Cleveland on May 16 said:

I warn that the American people are sitting on a trade-aid time bomb, planted by the Kremlin, which—unless handled promptly and effectively—could result in severe injury to the United States and the free world.

If we fail to sense the hazard, we are most certainly living in a fool's paradise.

I refer to the Soviet economic drive. This drive is so new and so cleverly planned that few Americans are yet aware of its full significance and its deadly peril.

Yet—and I choose my words carefully—it is more dangerous to this audience of young people and businessmen and to all other Americans than the atomic missile threat.

Mr. Chairman, this statement is all too true, but lowering our tariff barriers does not provide an adequate solution to the problem.

During recent months, the pressure of Canadian and European aluminum on United States markets has become particularly serious as a direct result of Soviet economic warfare tactics in Europe. Until 1955 the Soviet Union was a net importer of primary aluminum. During that year it began to export aluminum to the free world, and because of shortage conditions charged whatever the tariff would bear, much more than the domestic producers' prices. During 1956 and 1957 Russia increased its free world exports, especially to Britain, West Germany and Belgium.

The volume of Russia's net exports—13,000 tons in 1955, 26,400 tons in 1956, and 34,800 tons in 1957—is not as significant as the marketing methods it used. Russia offered and sold its aluminum on a market-breaking basis, below regular prices, regardless of how low they might go and regardless of Russia's own costs. To break the free world price, Russia focused its sales efforts, principally on the British market, a major link in Aluminum, Ltd.'s worldwide market network. This producer has in the past accounted for about 70 percent of the primary aluminum moving in free world markets. By weakening the British price, Russia could thus use Aluminum, Ltd.'s worldwide marketing system to weaken all free world aluminum markets, including that of the United States.

These Russian tactics so disrupted the British market that Aluminium Ltd. formally requested antidumping action by the Government; but there has been no response to this request thus far. As

of April 1, 1958, Aluminum, Ltd., matched the Soviet price in Britain by cutting its world price, including the United States, 2 cents a pound. Russia is now again cutting below this new low price in accord with its market-breaking policy.

The net effect has been a reduced price without any increased sales in all free world markets, including the United States. The Canadian, French, and Norwegian aluminum displaced in European markets by Soviet aluminum is now being offered in United States markets at depressed prices, further weakening the market here.

The damaging effect of these developments is strikingly evident, being timed by the Soviet to add impact to the recession. The combined effect of these domestic and foreign developments has been to compel domestic aluminum producers to exercise all of their put rights at considerable expense to the Government and also to shut down almost a third of their productive capacity as well as a substantial part of their fabricating capacity.

The State of Connecticut has felt the impact of these shutdowns. Neither the committee bill nor the antidumping laws offer adequate protection against the added burden being saddled on the domestic aluminum industry by the Soviet Union. Because we have pioneered and advanced the use of aluminum more than any other nation has, foreign producers and fabricators turn first to our market when they have difficulties in their regular market.

If the time were available, I could present data to show that this same pattern has taken place with copper, lead, zinc, tungsten, mercury, and countless other materials upon which our industrial economy depends.

Mr. Chairman, the House has repeatedly authorized special investigations of the shortages of newsprint, nickel, and other materials. In each case, we find that we are almost completely dependent upon foreign sources for these commodities. We were not confronted with newsprint shortages prior to the time that we reduced the tariff on this commodity almost to the vanishing point. Before reducing tariffs any further, we must make sure that we protect every industry which may contribute to the mobilization base and the strength and well-being of the entire free world.

My investigation of the International Materials Conference clearly showed that State Department career personnel who had been in the Department for many, many years are more concerned with the needs of other countries than with the maintenance of American industry.

Last fall, it was clearly evident that the Congress would not continue any tariff program under the direction and administration of the State Department. The producers and workers of America are no longer willing to have their destinies entrusted to an arm of the Government, whose primary concern is with the economic health and well-being of other countries. It has no domestic constituency. Accordingly, the supporters of the program transferred the re-

sponsibility for its administration, at least on paper, to the Department of Commerce.

A Cabinet-level Trade Policy Committee chaired by the Secretary of Commerce, was established in November 1957. Ostensibly, this Committee will advise the President on the administration of the Trade Agreements Act.

When Secretary Weeks, whom I admire greatly, testified before the Committee on Ways and Means on Monday, February 17, he said:

Recently the President strengthened Commerce's role in trade-agreement matters and in foreign economic questions generally by creating a Cabinet-level Trade Policy Committee, chaired by the Secretary of Commerce.

This Committee, already in operation, directly advises the President in the administration of the trade-agreements program. The recommendations made to the President by this Committee, under Commerce leadership, will include action in escape-clause cases. It will guide the direction of GATT negotiations and it will be consulted on the proposed composition and membership of the delegation to the GATT. The Committee will review and advise the President upon all recommendations of the interdepartmental Trade Agreements Committee, and will be consulted in all other situations that influence this country's posture in world trade. Creation of the Trade Policy Committee reflects the fact that our domestic economic situation is receiving due weight when decisions of international questions are taken.

The very fact that the Secretary of Commerce has been asked by the President to present to the Congress the administration's trade proposals reveals the increasing responsibilities in this field of the Department with wide experience and understanding of the problems of private industry. (Renewal of Trade Agreements Act, hearings before the House Ways and Means Committee, 85th Cong., pt. I, pp. 14-15.)

Mr. Chairman, I only wish that this statement by the Secretary of Commerce represented the whole story. Unfortunately it does not. The State Department will still call the tune on all negotiations involving trade agreements when our representatives go abroad.

The President's announcement of the new Cabinet Committee was made during the 12th session of the GATT held at Geneva, Switzerland, on October 17 to November 30, 1957. The President's second annual report to the Congress on the trade agreements program includes a list of the Members of the United States delegation. It is significant that the chairman and the two vice chairmen of the delegation as well as the permanent representative were all officials of the State Department. The delegation included 2 Members of the House, 1 from each side of the aisle; 3 nongovernmental advisers, 1 representing labor organizations, 1 agriculture, and 1 industry. There were 23 other members of the delegation—all Government employees—who served as advisers. Of these 23, 16 were officials of the State Department. Administrations come and go, but the faceless bureaucrats remain.

The veil of secrecy was lifted during the hearings by the special Subcommittee on Minerals, Materials, and Fuels Economics of the Senate Committee on Interior and Insular Affairs during the

83d Congress. The distinguished chairman of the subcommittee, the senior Senator from Nevada, Senator MALONE, address the following request to the then Assistant Secretary of State for Economic Affairs, Mr. Samuel C. Waugh:

Senator MALONE. Now, we have pointed out that the proposals for world trade prepared by the United States State Department in 1945 was the source for the creation of three organizations: First, the General Agreement on Trade and Tariffs; second, the Interim Coordinating Committee for International Commodity Arrangements; and third, the United Nations Ad Hoc Committee on Restrictive Business Practices.

I therefore request that you have a thorough study made of the basic memorandum and the drafts of these proposals to establish all of the persons who helped prepare these proposals, and that you furnish for insertion at this point in the record a complete list of those who helped to draft these proposals. Is that a reasonable request, Mr. Secretary?

Mr. WAUGH. We will try to comply with it, sir. (Stockpile and Accessibility of Strategic and Critical Materials to the United States in Time of War, Hearings before the Special Subcommittee on Minerals, Materials, and Fuels Economics of the Senate Committee on Interior and Insular Affairs, 83d Cong., pt. 5, p. 35.)

In due course a statement was prepared by the Department and filed with the subcommittee. It appears on pages 37 through 45 of part 5 of the subcommittee hearings. It includes a list of the individuals who had participated in the negotiations for the establishment of the discredited International Trade Organization as well as the General Agreement on Tariffs and Trade.

Mr. Chairman, let me remind the members of the committee that the Foreign Affairs Committee held extensive hearings on the Habana Charter for an International Trade Organization at the request of former President Truman in 1950. The committee refused to take any action to permit United States participation in the ITO. Although GATT was established without congressional sanction, it is still functioning.

The bill before us once again includes the familiar caveat in section 10 which provides "that the enactment of this bill shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade. Mr. Chairman, how many years must elapse before we stop this farce? Why do we not face up to our responsibility and examine the GATT? If it is found wanting, and I have no doubt that it will be, then we have a sworn duty to disapprove it.

Mr. Chairman, I have carefully studied these Senate hearings which review the State Department's activities during the period from the end of World War II through 1953. This background clearly shows that the same individuals are attempting to continue a program which the Congress refused to accept.

While hostilities were still in progress, a group within the State Department prepared a document entitled "Proposals for Expansion of World Trade and Employment." It was addressed to The Peoples of the World. A suggested

Charter for the International Trade Organization was drafted by the State Department to implement these proposals. This draft was considered by a Preparatory Committee which met in London in October 1946.

Following the conference in London, a further meeting was held in New York during January and February, 1947, to develop a revised draft of the charter. A further meeting of the Preparatory Committee took place in Geneva, Switzerland, in April, 1947, and it was at this meeting that the General Agreement on Tariffs and Trade was formally established.

Mr. Chairman, the Habana Charter which was rejected by the Congress of the United States included chapter IV, which is the basis for the General Agreement on Tariffs and Trade. While we have never approved United States participation in the International Trade Organization, we continue to proceed as though the charter had been approved.

Mr. Chairman, it is utterly inconceivable that the State Department bureaucrats in their policymaking positions in this Republican administration can now repudiate all of the work in which they played so prominent a part.

The Congress refused to endorse the proposal for an International Trade Organization. Even though a special Cabinet Committee, chaired by the Secretary of Commerce, has been established, it is my firm belief that if we approve this legislation the State Department will continue to dictate the tariff policies of the United States as it has for so many years. I believe it is essential that the Congress maintain close supervision over any program which past experience shows will fall into the hands of one who is dedicated to a completely free-trade philosophy without any regard to the needs of the American economy.

The substitute amendment, which provides for a 2-year extension of the President's powers, will enable the Congress to maintain a continuous review of the administration of this program. The committee bill would make it impossible for us to take any effective action without mustering a two-thirds majority in both Houses to curb these gentlemen. This is why they are so anxious to be given a free hand to operate without effective congressional control. In turn, it explains my support of the Simpson substitute amendment, which I hope will have the approval of a majority of my colleagues.

Yes, Mr. Chairman, the gentlemen who have administered the laws we enacted during the years of the New Deal are still calling the tune either in the State Department or in the GATT at Geneva. Because of my experience in studying the IMC, I am unwilling to tie the hands not only of this Congress but of succeeding Congresses. These gentlemen should not be allowed to make policies without assuming any responsibility to the American people for their actions.

Mr. REED. Mr. Chairman, I yield such time as he may desire to the gentleman from Connecticut [Mr. PATTERSON].

Mr. PATTERSON. Mr. Chairman, I arise in opposition to H. R. 12591 and in support of the Simpson amendment.

Mr. Chairman, I further address myself to the subject of the Trade Agreements Act because so many people in the Naugatuck Valley of Connecticut are vitally concerned. Concerned justifiably because their jobs are involved. It has been tragically demonstrated that continuous and unrestricted imports of a specific commodity will eventually liquidate the American industry manufacturing that product.

A prime example, and one of the most typical, is the clock and watch industry. Under the meaningless Trade Agreements Acts we have had in the past, this industry has been subjected to a constantly increasing flood of imports—imports against which it has no defense.

Americans are noted for their sense of fair play; I think that if every American was aware of the impossible odds faced by these manufacturers and employees, there would be no question in their mind that the domestic industry should receive sufficient protection to at least make it a fair battle.

This protection is necessary, because Germany, the source of approximately 90 percent of all clocks imported into this country, pays an average wage of only 45 cents per hour in that industry. Compare this to the more than \$2 per hour paid in the Connecticut clock industry and it is obvious that we must have legislation that will help equalize this situation.

The picture is similar with regard to watches. Switzerland, source of about 95 percent of all watch imports into this country, pays 77 cents per hour in that industry. This is less than one-third of the prevailing wage rate paid in the Connecticut watch industry. These very basic economic facts are the reason so many Connecticut jobs have been sacrificed.

Because of these low-wage, no overtime-pay, government-subsidized foreign clock and watch industries—the American timepiece industry is unable to compete. The cost? Forty percent of the total jobs in the American clock and watch industry. Yes, since 1948, there are now 40 percent fewer production employees in American timepiece manufacturing plants.

And this is why, Mr. Chairman, American workers and American manufacturers are anxious—most anxious—that a fair and equitable Trade Agreement Act be enacted.

(Mr. PATTERSON asked and was given permission to revise and extend his remarks.)

Mr. MILLS. Mr. Chairman, I yield 7 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Chairman, I rise in support of the substitute bill, H. R. 12676. If the substitute does not prevail, I shall vote to recommit the committee bill, that is, H. R. 12591.

The need for the substitute bill arises from the very aspects of the trade program as it has been administered.

For one thing, to begin at the top, three successive Presidents have given

solemn assurances that no domestic industry would be jeopardized or seriously hurt by the trade-agreements program. Mr. Roosevelt said it, Mr. Truman said it, and Mr. Eisenhower has repeated the assurance more than once.

Moving to a little lower level, the State Department itself has said time and again that if mistakes were made in reducing our tariffs any injured industry would have a remedy in the form of the escape clause. Numerous private supporters of the trade program have also said and are still saying the same thing. One of the things that I have not liked about the trade program is this very inconsistency reflected by the great discrepancy that gapes between the repeated assurances and actual fact. While the President was saying one thing, the State Department was doing something quite different in administering the escape clause. This situation will not be corrected by the committee bill. The substitute, on the other hand, goes to the very heart of the matter. In fact, the effort to deal with this unsavory situation explains most of the Simpson-Davis bill.

Now let us look at the record for a minute. The Tariff Commission itself has given a thorough screening of the cases brought before it by the different industries. It has failed to find the degree of injury regarded as calling for a remedy in over half of the cases filed before it. Obviously, no trivial case has a chance before the Commission.

However, of some 60 cases, the Commission has sent 28 to the President. The President since 1950 has accepted only 10 of these cases. Among those he has failed to put into effect have been 7 unanimous recommendations of the Tariff Commission.

This record belies the assurances given by the three Presidents and by the State Department and others. Industry does not in fact have a remedy as intended by Congress and as the executive assurances would have us believe.

But, Mr. Chairman, this wide divergence between assurances and performance has had a disastrous effect.

I say this because on no less than four occasions the Congress has undertaken to make its will known. It adopted the peril point amendment in 1948. In 1951 it adopted the escape clause. In 1953 it tightened the escape clause. In 1955 it again tightened that clause and in addition adopted the national security amendment.

It has for several years now been borne in upon us unmistakably that so long as the power to override the Tariff Commission remains in the hands of the President; so long as this power is only loosely restrained by some minor restriction, just so long will the President as advised by the State Department continue to ignore the Tariff Commission. Considering that the Commission is an arm of the Congress, this means a continuing disregard of Congress.

Here is the very heart of the issue before the House today; and it is the difference between the committee bill and the substitute bill on this point that is of crucial importance.

The committee bill, as distinguished from the substitute, presumes through what must be considered a mock concession to bring Congress into the picture. I am afraid the proposal is really nothing more substantial than a thin and transparent smokescreen. It provides that any proposed rejection of a Tariff Commission recommendation by the President will stand unless it is overridden by a two-thirds vote of both Houses of Congress.

This would place an impossible burden on any industry, especially upon any small industry, that had succeeded in obtaining a favorable decision from the Tariff Commission. The likelihood of obtaining a two-thirds override of the President from both Houses of Congress is not only an impossible burden but is not even justified.

A Tariff Commission recommendation is not an act of Congress. Why then try to put it on a par with such an act? A Tariff Commission recommendation is no more than an effort to carry out an administrative step on behalf of Congress by an agency created by Congress. The President's power to reject such a decision should never in the first place have been given the finality that it has today. That at least is now clear. Had the President shown himself more reasonable and had he paid more heed to the will of Congress as expressed in amendments adopted by Congress in past years the proposal in the substitute bill might not now be necessary.

Now, having lost point by point the previous claims of what the trade agreements program would be, such as pulling us out of the depression of 25 years ago, assuring peace of the world and what not, the supporters of the program have to thank Mr. Khrushchev for his challenge to us in foreign trade and the proposed European common market for giving them a new and different talking point.

In point of fact no one knows what the Russian challenge amounts to; but one thing is sure. The Trade Agreements Program will not help us to meet that challenge. It will in fact tie our hands precisely when we need to act quickly in order to hold foreign markets. We will have to be ready to go into State trading and disregard our commitments under the General Agreement on Tariffs and Trade.

I say extend the act at most for 2 years at this time. This will not tie our hands too tightly. Perhaps a 1-year extension would be better or no extension at all. In any case, the substitute will would not raise any tariffs. It would not abrogate any trade agreement now in effect. It would, however, slow down the further reduction of tariffs and introduce the degree of care that should have been exercised before now in cutting down our tariffs. It would bring back to Congress the degree of surveillance of the program that has been lacking.

THE BROAD IMPLICATIONS IN FOREIGN ECONOMIC POLICY

Mr. Chairman, I urge the Members of this body to pause a moment and ask themselves this question:

Has our preoccupation with the mechanics of foreign trade legislation, and our rapt attention to the technical details of peril points, the escape clause, and other specifics—important as they are—clouded a view of the broader implications of this debate?

Frankly, I suggest that, in our zealous concentration on each individual tree, so to speak, we may lose sight of the forest.

It is true, of course, that each and every detail merits our meticulous attention. First, however, it is imperative that we establish a framework of reference, growing out of our patient and objective analysis of historical experience and of present and foreseeable conditions both at home and throughout the world.

If we expect the legislation that is ultimately enacted to be honestly realistic, and a testimony to the virtues of our domestic processes, we cannot avoid coming to grips with the large considerations of a world in constant economic and political ferment.

Not that the powerful forces now at work around the globe fall within our control. Far from it. The flow of human events, the emergence of significant trends, the upheavals within traditional patterns of behavior, envelope all of us, like it or not, recognize it or not. We cannot dominate these forces—but neither must we surrender to them nor turn our backs to them.

Neither the Congress nor the executive branch nor anyone else can presume to foretell coming events with surety, nor even to interpret present conditions with unchallenged exactitude. History teaches us, if nothing else, that while man cannot master his environment, he may at least adapt effectively to it and draw the advantages of prudent decisions built upon commonsense assumptions.

This is precisely the position in which we find ourselves today—groping through a smokescreen of contemporary crises to catch some glimpse of tomorrow's problems, reaching out by persistent observation and appraisal for a measure of understanding and insight.

We recognize, for example, that international commerce and, in fact, the sum total of relationships between nations are shaped and reshaped by the ideological tug-of-war between free and totalitarian societies. No other single development has exerted a more profound influence upon our times. No higher stakes could rest upon the ultimate outcome.

What have we learned through nearly 2 decades of continuous conflict, of alternating hot wars and cold wars? Perhaps the most significant single lesson is that our highest ideals of human liberty and opportunity have never confronted a more implacable and dangerous foe. Communism is inflexibly dedicated to the ruthless extermination of every principle held dearest by free men everywhere.

This is blunt, harsh, cold reality. It is reality painful to perceive and ponder. Perhaps this explains why so many individuals, and even nations, have thus far failed to grasp the fact that their very existence depends upon their unbending

determination to meet force with force, and power with power.

It is deplorable, but true, that our costly global efforts to check the spread of a dreaded ideological pestilence must yet overcome the inertia, indifference and, at times, hostility of the very peoples whose well-being and freedom we are attempting to safeguard.

The Communists, never hesitant when an opportunity presents itself, have seized on the free world's uncertainty to embark upon a global campaign of economic subversion. Their obvious objective: to slice away, one by one, our friends and allies, until our policy of containment is rendered ineffectual.

At this very moment, with the Kremlin's latest vehicle gathering momentum, the representatives of COCOM—the 15-nation committee which administers the free world's trade embargo on Communist countries—are reviewing these strategic restrictions with a view toward a further relaxation.

This same topic, we are advised, is likely to be placed on the agenda for discussion by the President and the British Prime Minister this week. It is no secret that many British businessmen are anxious to seek new trade outlets behind the Iron Curtain. Their sentiments are shared by commercial interests elsewhere in the free world, including France and Japan.

Only a few days ago, the Chancellor of Austria described us as narrow-minded for restricting trade with the Communists. Now Khrushchev himself, in a typically flamboyant propaganda gesture, lets the world believe that he is ready and willing to promote commercial relations between the United States and the Soviet Union—especially if we give him long-term credits.

Hence, our position is uncomfortable, to say the least. On the one hand, the administration vigorously espouses freer trade and continued overgenerous foreign aid. These steps, we are told, will help our own nation and our friends abroad, and in the process enhance our popularity and prestige.

On the other hand, we are learning the hard way that giving, once begun, must be carried ever onward and upward or its value recedes. It is not a matter of our friends asking us, "What have you done for us?" but "What have you done for us lately, and how much more are you going to do?"

So it is disheartening but not surprising to find the Austrian Government, to which we have extended over \$1 billion in outright grants since World War II, fuming and fretting and chastising us because it feels that our narrow-minded policy has prevented it from selling a steel mill to the Soviet satellite, Czechoslovakia.

This lesson—that our idealism is not generally shared even by those we call friend and whom we have most helped—is nearly as difficult and painful to digest as the lesson of communism's dedication to our own destruction.

I submit, Mr. Chairman, that the legislation reported by the Committee on Ways and Means, H. R. 12591, fails to furnish the single most essential element still missing from our foreign policy—inspired and inspiring leadership.

By this I mean the kind of dynamic, imaginative leadership which will restore muscle and backbone to the wavering posture of the free world; which will attract the uncommitted nations to the cause of liberty—and which will bear down hard on the few greedy governments that line their pockets with American dollars while lining their council chambers with fellow travelers and Communist sympathizers.

The alternative to H. R. 12591, of course, is H. R. 12676. Mr. Chairman, H. R. 12676 does not purport to solve the long-range foreign economic problems of the United States. Its sponsors do not claim it would. I think they will agree that H. R. 12676 constitutes, instead, a stopgap measure to extend the trade agreements program for 2 years, while our Nation carefully appraises developments in a world of turmoil and unrest.

There is absolutely no precedent or justification for a 5-year extension. Furthermore, what appears to be a 5-year proposal could actually stretch across 10 years if the administration decided to restrain its bargaining authority until just prior to the expiration date in 1963.

By this device, the administration—headed by a President whose identity is yet unknown—could order yearly tariff reductions from 1963 until 1968, or 5 years after the enabling statute itself had expired.

This is exactly the kind of rigid, dogmatic policy we must avoid at all costs. There are no occult qualities of prescience in the executive branch, no more than there is in the Congress. There is no way of knowing what new problems will confront our Nation, or our highly competitive industries—such as tung oil, hardboard, and fishing—5 years from now or 10 years from now.

The administration's proposals, in my way of thinking, reflect unsound policy. Enactment of such legislation would rank on a par with the foolhardy course we have followed since World War II. In the postwar years we have distributed upward of \$60 billion in foreign aid.

At present we are spending \$6 billion a year through Mutual Security, the Export-Import Bank, the Development Loan Fund, surplus crop disposal, and other handout activities.

I ask, have we purchased respect? Have we bought popularity? Or loyalty? Or prestige? At least in 1945 we were acknowledged saviors of freedom, having rescued a large part of the world from the clutches of tyranny. But that hard-won glitter has long since worn off. The question asked of us today is, to repeat: "What have you done for us lately?"

The answer, I need not point out to you, is "Plenty!" We have done, are still doing, and will continue to do a great deal for other countries. That seems to be a foregone conclusion. The outstanding problem before this Congress is not how much we are doing, but how effectively it is being done and how well it will serve the security interests of the free world if a nuclear showdown develops.

Just as I have doubted through the years that our foreign aid would return commensurate dividends, so do I seriously doubt that continuation of free-wheeling foreign trade practices is helping to build up our own economy or the economies of our trading partners abroad.

For 24 years we have persistently sought to encourage the flow of international trade by, as the saying goes, setting a good example. We have reduced our tariff by two-thirds, we have sparked the organization of the international General Agreement on Tariffs and Trade—and all the while we have urged others to play the game under the same set of rules.

At this late stage, it has become evident to many of us that we have been trying to light a candle in a windstorm. Once more, the lesson is a painful one, and slow to be learned.

For, in spite of our ambitious efforts and noble intentions, we have witnessed the simultaneous rebirth of mercantilism on a worldwide scale. Spurred on by the rise of nationalism in new and old nations alike, 20th century mercantilism has emerged in the shape of formidable, sometimes ingenious, trade restricting mechanisms. Almost every conceivable form of direct and indirect regulation has become imbedded in the present structure of international commerce.

I suggest, however, that these obstacles to trade lack singular importance of their own. They are simply the visible symptoms of a commercial malady afflicting nations around the globe—a malady not only high in incidence but amazingly resistant to remedies once the body politic is infected.

Nothing that we have attempted or accomplished through our own trade agreements program, or through the supranational auspices of the General Agreement on Tariffs and Trade, has halted the epidemic. Nor is there any indication that such measures will be any more effective in the future.

This is a rational conclusion, solidly anchored to the facts of record. It is only upon such facts, such realities, that we should strive to rebuild our international relationships, political as well as commercial.

Equally well rooted are the facts behind this conclusion:

It would be folly to adopt a doctrinaire approach to impending problems associated with the European common market, when it remains doubtful that the common market will mature in the way its sponsors first foresaw.

Many issues must be resolved before the common market can ever become operational. Not the least of these issues has risen out of the current crisis in France. Is there any individual in the Federal Government who can, or even claim to, foretell with accuracy what position the de Gaulle regime will assume toward the common market? I am confident there is not.

France has already hinted that she may not be able to honor her commitments to the common market, at least not immediately. There is, in fact, considerable speculation that the French

will be forced to curtail their imports for an indefinite period, in order to conserve their financial resources to meet domestic emergencies.

Let me quote a press dispatch from Paris, dated June 1:

Uncertainty over the future of France has cast a darkening cloud across the bright new plans for European economic unification in which she is scheduled to play a major part.

But it appears doubtful whether France will be in any condition to carry out her commitments as scheduled. Whether this will cause a delay in implementation of the agreement generally, or whether the other community members would proceed without France is highly uncertain.

The unpredictability of what is likely to happen in France is such that abrogation of the agreement under a radically changed regime cannot be ruled out.

Meanwhile, Great Britain is once more generating discussion of a free-trade area far more extensive than the six-nation common market. The British are restive in the hiatus forced upon Western Europe negotiators by the French upheaval. Even before France's political difficulties erupted, she and the British were unable to see eye to eye on the proposed free-trade area.

I could continue speculating for hours about the course of French politics, about the common market and free-trade area, and about the prospects for eventual European federation, based upon the outcome of economic integration. The point is, it would be speculation, nothing more. I would not be so presumptuous as to ask this body to enact far-reaching legislation based upon my speculations.

Yet, is that not exactly what the administration has done in urging approval of H. R. 12591?

I hold other serious doubts about the administration's proposals. It appears to me that the alternate bill, H. R. 12676, is far more realistic legislation, and potentially far more responsive to the shifting currents of world commerce today and in the years ahead.

Perhaps more significant, H. R. 12676 reflects awareness of new thresholds to be crossed in our own national economic progress. For the tempo of the technological revolution so recently launched is certain to quicken. As the miracles of the laboratory multiply, new products will evolve and new industries develop.

Stimulating the technological revolution, both here and abroad, will be the rapid growth of the world's population. Our own Nation is growing at the rate of some 3 million citizens annually. By 1975, a brief generation from now, our population will have expanded to more than 225 million, if the present rate of increase continues.

Birth rates elsewhere in the world parallel, and sometimes surpass, our own. The population boom in underdeveloped countries promises explosive political and economic problems in the years just ahead. Many of these nations are already preparing to meet the crisis by redoubling their efforts to industrialize; for they realize that in no other way will they be able to feed and clothe and shelter and provide employment for millions of new inhabitants.

In this emergency, these nations need assistance. They have come to us for this assistance. We have responded, after a fashion. A recent study by a private research foundation discloses that in 11 years, from 1945 to 1956, less than a fifth of our total foreign aid outlay was channeled to underdeveloped nations, and a third of that went for relief work.

Mr. Chairman, it goes without saying that I cannot exactly qualify as an advocate of foreign aid. But I say this: If we are going to do it, let us do it right. Let us do it effectively. Let us send our tax dollars, if we must send them anywhere, to the people who need them most.

In this same vein, I suggest that we reappraise our trade agreements program to determine just who is collecting the lion's share of benefits. By and large, it is not the underdeveloped nations, whose primary exports are usually raw materials which we import duty-free or under nominal tariffs.

The climbing share of manufactured products bears eloquent witness to the impact of the trade agreements program. Consider these statistics:

In 1953 our imports of crude materials were valued at \$2.6 billion; by 1957 these imports had risen to almost \$3.2 billion, a gain of less than 25 percent. On the other hand, our imports of finished manufactures rose a staggering 60 percent, from \$2.2 billion to more than \$3.5 billion.

Clearly, the biggest beneficiaries of our open-handed trade policy are other industrialized nations. The anomaly in this situation shows a double edge. First, our own import-vulnerable industries are buffeted by intensified foreign competition; second, even our exporting industries must cope with increased competition in third markets.

Mr. Chairman, if our long-range objective is to gradually but relentlessly replace our import-vulnerable industries with other industries holding a monopolistic competitive advantage, then I can think of no better way to accomplish it than to continue our present course and extend the trade agreements program. And why limit it to 5 years? Why not 25 years? Or 50 years? That should be more than enough time to see us through the total transition.

But if we come to our senses, and realize in time that many industries now distressed by imports are indispensable to our economy and to our national security, then we will discard the controversial legislation to which we have clung so stubbornly for 24 years and replace it with equitable legislation balancing the well-being of our own industries and jobholders with the interests of our trading partners.

I cannot emphasize too strongly, Mr. Chairman, that I consider the Congress responsible for making this important decision. Not the President; not the State Department; not the giant corporations with subsidiaries scattered throughout the world; and not the industries which seek safeguards against more import damage, either. Congress,

and Congress alone, bears the responsibility.

Time and time again it has been called to the attention of the Congress that article I, section 8, of the Constitution of the United States set forth in unequivocal terms that:

The Congress shall have power to lay and collect taxes, duties, imports, and excises—

And furthermore—
to regulate commerce with foreign nations.

This, in my way of thinking, is clear-cut language. I discern no area of possible doubt or misinterpretation. The language authored by our illustrious forefathers, the patriots who fought and bled and died for a new nation and a new way of life, constitute a mandate to each succeeding Congress, and the 85th is no exception.

No, our responsibility is undeniable. No amount of wishful thinking and fence-straddling polemics will permit us, in sound conscience, to avoid this constitutional injunction.

In this context, I urge all Members to join in ridding this body of the shackles of unsound and unjustified legislation, in restoring to the Congress its rightful and ordained responsibility and prerogatives, and in offering the American people and the friends of America a judicious law manifesting our fidelity to cherished principles of economic progress.

(Mr. COLMER asked and was given permission to revise and extend his remarks.)

Mr. REED. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. KNOX].

(Mr. KNOX asked and was given permission to revise and extend his remarks.)

Mrs. CHURCH. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Eighty-two Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 92]

Ashmore	Fisher	Morris
Auchincloss	Garmatz	Morrison
Baker	Granahan	Philbin
Barden	Gregory	Powell
Barrett	Griffiths	Radwan
Blatnik	Gwinn	Rhodes, Pa.
Blitch	Hale	Riley
Breeding	Healey	Rivers
Buckley	Jenkins	Robeson, Va.
Burdick	Kearney	Sadlak
Celler	Kilburn	Shelley
Christopher	Kluczynski	Shuford
Clark	Knutson	Sieminski
Coudert	Lafore	Smith, Miss.
Denton	Lankford	Spence
Dies	LeCompte	Steed
Diggs	Loser	Taylor
Dorn, N. Y.	Machrowicz	Thompson, La.
Engle	Magnuson	Willis
Farbstein	Marshall	Zelenko

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H. R. 12591, and finding itself without a quorum, he had directed the roll to be

called, when 362 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. KNOX].

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. KNOX. I yield to our distinguished Speaker.

Mr. RAYBURN. I desire to announce, after consultation with the leaders on both sides, it has been decided that the House will meet at 10 o'clock tomorrow.

Mr. KNOX. Mr. Chairman, I share with the vast majority of the American people a sincere and abiding admiration of the President of the United States, Dwight D. Eisenhower. His responsible leadership has enhanced the dignity and prestige of the Nation's highest office.

It would constitute a serious breach of policy and error of judgment if the Congress were to deny to the President the authority to negotiate any trade agreements. This authority should, however, be extended to coincide approximately with the remainder of the President's term in office.

That is why I urge prompt enactment of the substitute, H. R. 12676, introduced by our colleague from Pennsylvania [Mr. SIMPSON]. This measure grants the President reasonable authority to enter into trade agreements. At the same time, this legislation corrects certain basic administrative defects produced over the years by State Department's domination of our foreign trade policy.

My recommendations are predicted upon a series of compelling considerations.

First, no Congress should consider itself justified to bind several future Congresses to controversial statutes. As originally proposed, this 11th extension of the Trade Agreements Act of 1934 would not expire until 1963, in the first session of the 88th Congress.

There is absolutely no precedent for such a step. In 10 extensions covering 21 years, the act has never been renewed for more than 3 years, and 5 of the last 6 extensions have covered 1 or 2 years, indicating not only awareness of the controversial nature of the act itself but of the fast-changing conditions of world commerce.

Mr. Chairman, I make no secret of my vast confidence in the incumbent President. I cannot, in good conscience, express such confidence in a future President whose identity is unknown. Yet we are asked to grant this unknown individual far-reaching powers in areas of vital concern to countless American industries and jobholders.

Congress, in exercising its constitutional responsibility to regulate the Nation's foreign commerce, should guarantee the opportunity for further critical review of our foreign-trade law when the leadership of the executive branch passes into other hands.

Neither this Congress, nor any Congress, nor anyone else, can presume to foretell the prevailing attitudes and pol-

icies of a future, still unidentified administration.

This point, in fact, seems so indisputable that we must look elsewhere for the reasons behind the proposed 5-year extension. In this connection we frequently hear mentioned the European economic community, or common market.

But here, again, the emphasis in our policy should be directed toward flexibility. Recent events in Europe have underscored the fluctuating nature of conditions there. France already has served notice that it may not be able to meet its commitments to the common market.

Furthermore, how does our insistence on German reunification correlate with the State Department's support of a rigid, 5-year policy geared to the formation and workability of the common market? It seems clear that if Germany is reunified, the common-market mechanism probably would require wholesale revision.

Still in a state of flux are negotiations for a European free-trade area, tentatively embracing the 17 members of the Organization for European Economic Cooperation. The boundaries of the free-trade area, if it develops, would overlap the common market. So here is another potential problem to be considered.

Great Britain will almost surely hold national elections by 1960. The results are unknown today. West Germany, too, faces a national election in 1960. Again, there may be a change in national leadership.

As we draw these international considerations into focus, it becomes evident that the world of 1963 will be far different from the world of 1958 or even the world of 1960.

What is more, our own ability to predict accurately the trend of national and international conditions in years to come remains in serious doubt. For example, the State Department actively promotes a 5-year extension of the Trade Agreements Act. But the State Department, if we can accept the findings of C. L. Sulzberger, distinguished international analyst for the New York Times, has missed the boat more than once on shorter range developments, including the ascension of General de Gaulle.

Mr. Sulzberger, in a dispatch from Paris on June 2, tells how only the Soviet, Polish, Italian, and Turkish ambassadors correctly called the turn on General de Gaulle's return to power. Until the beginning of May 1958, American diplomats, to quote Mr. Sulzberger, "were selling de Gaulle short."

To make matters worse, this wayward guesswork followed on the heels of a similar error by the State Department, which had assumed up to the final minutes that the European Defense Community would be ratified by the French Assembly. Instead, the French Assembly killed EDC.

So, as Mr. Sulzberger points out, the State Department guessed wrong on the two most significant occurrences in France since World War II.

It is no less than pertinent to point out that the State Department, in advocating 5 more years for the Trade Agreements Act of 1934, is guessing again. Rightly or wrongly, no one can say at this moment.

However, it would seem to be a gamble of dangerous dimensions to commit ourselves to a rigid course of action for 5 years. In my opinion, a 2-year extension would better serve our interests by providing a later reassessment of conditions here and abroad in the light of changes that are certain to take place.

There will be many changes right here at home. Our population in 1960 probably will have reached 180 million. New industries will have sprung up, keeping pace with technological innovations. Significantly, in that year the Nation will elect a new administration, as President Eisenhower will be unable to succeed himself.

There will be challenges in 1960, as well. Millions of new jobs will have to be found. First, however, our economy must recover from serious setbacks, gather fresh momentum, and tackle new problems as they arrive. And there will be no shortage of problems.

Mr. Chairman, H. R. 11676 offers the Nation a positive, forthright policy consistent with foreseeable conditions, while avoiding the dangers of long-term guesswork. As human beings, the policymakers in the State Department are fallible, just as Members of Congress are. We owe it to ourselves, and to the Nation, to avoid costly and embarrassing errors of judgment whenever possible.

Admittedly, foreign policy in all its aspects is a calculated risk. So opportunities to minimize the risk, at no danger to ourselves or our friends, should not be overlooked. H. R. 12676 represents such an opportunity and I urge its adoption.

Mr. Chairman, I should like to read into the RECORD a letter from the United Brotherhood of Carpenters and Joiners of America, AFL-CIO, Veneer Workers Local 3168, Escanaba, Mich. The letter follows:

DEAR SIR: I am writing this letter in behalf of the membership of Veneer Workers' Local 3168, but at the same time I feel that I could well be speaking for the entire laboring force of the veneer and plywood industry.

For a period of time now, perhaps 2 to 3 years, we the hourly workers have noticed a gradual decline in the number of our membership who are able to hold steady employment. This gradual decline in employment in the veneer and plywood industry has now reached such proportions that it has become acute. The membership of our brotherhood in its search to secure employment for our fellow members have been constantly confronted with the same situation in our meetings with management. That situation being that the domestic manufacturer is fast becoming unable to compete on the open market with the cheap imports of foreign plywoods. A number of veneer and plywood plants in our area have closed completely and liquidated their holdings. The tragic result in these cases is self-evident. I believe that a great portion of these plants in the veneer and plywood industry are, for the most part, located in comparatively small communities and the impact of this drastic decline in employment is therefore

felt a great deal more. Through our meetings with representatives of our brotherhood we find that layoffs in the industry have reached proportions of 50 percent and more, which have been traced directly to these cheap imports.

The membership of our brotherhood knowing that you are ever interested in the welfare of the voting public would greatly appreciate any consideration that you might have for our plight.

Fraternally yours,

JOSEPH WINTERS,
President, Veneer Workers' Local 3168.
ESCANABA, MICH.

I should like also to include a telegram from the chairman of the Gladstone, Mich., Board of Tax Review and one from the Escanaba, Mich., Chamber of Commerce. They follow:

CONGRESSMAN VICTOR KNOX,
House Office Building,
Washington, D. C.:

Over 500 skilled veneer and plywood employees in this city rapidly approaching termination of unemployment benefits. Impossible to estimate how many woods workers and pieceworkers are also jobless all due to the flood of veneer imports at prices beneath domestic costs. We cannot tax our producers and collect ad valorem taxes when our key local industry is being sacrificed. We earnestly request that our economy be protected by imposition of requested quotas. We find ourselves unable to levy taxes on this industry on any equitable basis when continued unbridled imports are causing inventories to increase and entire operations to face obsolescence.

Respectfully,

B. H. SKELLENGER,
Chairman, Gladstone Board of Tax
Review.

HON. VICTOR KNOX,
House Office Building,
Washington, D. C.:

The increase of veneer imports at prices beneath domestic costs has resulted in over 250 skilled veneer and plywood employees in Delta County losing employment. Many woods workers and pieceworkers also affected by this unemployment. We urgently request our economy be protected by furnishing quotas asked. The increase in veneer imports is causing inventories to increase and the entire operation of our veneer industry to face a shutdown. This is in direct opposition to your efforts to stem the present trend toward unemployment throughout the country. Further we beg you to return control of tariff to Tariff Commission with any overruling at decision of Congress. Thank you for your cooperation.

ESCANABA CHAMBER OF COMMERCE.

These present clear evidence of injury to the great plywood industry of our Nation. These are additional compelling reasons that I support H. R. 12676 introduced by my colleague the gentleman from Pennsylvania [Mr. SIMPSON].

May I once again urge each Member of Congress to take a keen and lasting look at the injury to American industry through the heavy imports of Japanese plywood that is directly responsible for the gradual increase of unemployment in my district and throughout the United States where the plywood industry is located.

I once again urge prompt enactment of H. R. 12676 to bring relief to American industry.

Mr. REED. Mr. Chairman, I yield 7 minutes to the gentleman from Iowa [Mr. HOEVEN].

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, I have the highest regard and esteem for the gentleman from Pennsylvania [Mr. SIMPSON], who addressed you earlier this afternoon. He made a splendid argument in sustaining his side of the question now before us. I, therefore, deeply regret that what I am about to say is not entirely in conformity with his views. Our thinking, as a rule, has been very much alike on important legislative matters.

I am satisfied that the extension of the Reciprocal Trade Agreements Act is in the best interests of American agriculture. More and more people, including the thousands of farmers engaged in agriculture, are beginning to realize trade's increasing impact on our economy, its close relationship to the economic power of free nations, and its potential might in providing America with some of the national security strength necessary for survival in a Communist-threatened world.

Iowa is a typical agricultural State—in fact, Iowa is the leading agricultural State in the Nation today. Therefore, I shall take Iowa as an example to show how foreign trade contributes greatly to the welfare of the people in the agricultural areas of this country. Iowa people, like people in other agricultural areas, prosper if trade expands and are hurt if trade contracts. They participate in the benefits of United States exports to foreign countries. Incidentally, we have no unemployment problem in Iowa other than seasonal. Iowa is one of the bright spots in our economy today.

According to the Department of Agriculture, about 340,000 persons in the State of Iowa work on farms. Along with other United States farmers, they have a definite interest in our exports of some \$4 billion worth of American farm products each year. Their proportionate share of these exports in the 1956-57 marketing year was some \$184 million of which \$70 million was attributable to livestock products and \$63 million was attributable to soybeans.

Some 105,130 Iowa employees—about 64 percent of all persons engaged in manufacturing in the State and approximately 16 percent of all persons employed in the State—are in firms falling in four major manufacturing classifications: Food and kindred products, machinery—except electrical—printing and publishing, and electrical machinery. Iowa's proportionate share in United States exports of these four industry groups amounted to \$103.8 million in 1956.

This is only part of the picture. Establishments in these industry groups sell directly in foreign trade. Their products are known and prized abroad so that the value to them of export markets is direct and great. Many others produce commodities which are on a national export basis and therefore they benefit indirectly from international trade.

In addition, there is the share in exports of factories not included in the four major manufacturing classifications having a \$103.8 million share. They are manufacturers of transportation equipment, rubber tires, pens and mechanical pencils, fertilizers, pharmaceuticals, and other products, some of whom also have direct export interests.

About 425,000 persons in the State are in such industries as construction, public utilities, trade, banking, real estate, insurance, and public administration. Their participation in the benefits of exports derives mainly from the fact that among the patrons to whom they sell their products and services are the firms producing the movable goods that enter international trade. In addition, they derive an extra benefit to the extent that they handle international economic transactions which pass through the district: Telephone traffic, transportation, financing, and the like.

The people of Iowa also benefit substantially from United States imports. Imported flavorings, extracts, and other food products, imported minerals and other raw materials, and imported commodities of a finished and semifinished nature, enable Iowa manufacturers to produce better products at a lower cost and Iowa residents to enjoy better living than might otherwise be obtained. The net effect of imports on the economy of Iowa is overwhelmingly favorable.

Were it not for exports, American agriculture literally would smother in its own production. Sixty million acres of cropland—1 out of every 5—produce for export. The large flow of agricultural products to customers overseas not only provides additional farm income but also eases the pressure of supplies on the domestic market and strengthens prices. Last year we exported agricultural commodities of the value of \$4.7 billion, the highest record in our history.

In the 1956-57 marketing year, we exported nearly one-half of our tallow, one-fifth of our lard, more than one-third of our soybeans, about one-seventh of the feed grains sold by farmers, and large amounts of poultry and products and dairy products. Each of these is important to Iowa.

Lard and tallow, as byproducts of our expanding livestock economy, are expected to continue in heavy surplus in the domestic market. Our efficient and expanding soybean production is heavily dependent upon export outlets. A growing livestock industry in foreign countries is expected to provide a good demand for our surplus feed grains. Foreign countries are expected to continue to be a major outlet for the large quantities of dairy products bought under the price-support program.

In terms of the 1956-57 national export total, the proportionate share of exports in the State of Iowa was over \$70 million for livestock and products excluding dairy and poultry—the import proportionate share amounted to \$65 million—\$63 million for soybeans, more than \$41 million for corn, \$8 million for dairy products, and over \$2 million for poultry and products.

Like all parts of America, Iowa also is an importer of agricultural products—but these are largely tropical or semi-tropical products not grown here, like coffee, tea, spices, bananas, and so forth. In addition, there are some imports of competing specialty livestock products, often of fancy grade and higher in price. In balance, however, exports of such products exceed imports.

This, then, is the importance of this legislation to the State of Iowa. Now a look at the Eighth Congressional District of Iowa, which I have the honor to represent. My district is predominantly agricultural. The product of some 60 million acres of our Nation's farms is exported each year. Loss or serious curtailment of this export market would be extraordinarily serious for Iowa. We cannot expect to have an export market if we do not import. And, as consumers, we benefit from being able to buy some types of goods more cheaply than otherwise, and other types of goods which without imports would not be available at all.

If we look at our total national agricultural exports and consider that the farmers of my congressional district share proportionately in that export trade, as, in effect, they of course do, then we can say that in the crop year 1956-57 my district exported the following quantities of goods:

Livestock and products.....	\$11,800,000
Soybeans	10,600,000
Corn	6,500,000
Dairy products.....	800,000
Total.....	29,700,000

Often it makes more sense to reduce big figures of this nature to a per capita basis. In terms of the total population of my district of about 300,000, this means that \$100 came to each man, woman, and child because of export trade in agricultural products. If we consider only the 40,000 people who work on farms, then each farm worker derived \$740 of his yearly income from the fact that we could export farm goods. This is an important and significant amount; without this export market our farmers would be in serious trouble. The impact on the economy of my district of the additional \$740 which each agricultural worker receives because of foreign trade is widespread.

But it is not only agriculture in my district which is affected by foreign trade. The food industry, notably meat packing plants, are important employers in my district. About 48 percent of our national production of inedible tallow and grease is exported. About 22 percent of our lard goes abroad. Workers in the meatpacking plants obviously have a major interest in seeing that foreigners are able to buy our goods.

I should mention also the commercial livestock feed producers in the district. Employees of these plants benefit not only from direct exports of prepared animal feeds, which in 1956 amounted, nationally, to almost \$29 million, but also indirectly from the export of meat products and byproducts.

In addition to exports of soybean cake for feed, soybean oil exports in 1957

came to 330 million pounds, worth \$53 million, a substantial portion of total domestic production. It is estimated that a fifth of the income to workers processing soybeans comes from exports. As the reverse side of the coin, other food industries in the district are dependent on imports.

The machinery industry is also important in the district. They benefit from an improved domestic market resulting from exports. Other Eighth District manufacturers export directly. Still others produce types of machinery which, for the Nation as a whole, are exported and they thus derive benefits from improved competitive conditions. Concrete pipe machines, greasing apparatus, hydraulic valves, wind electric powerplants, machine tools, and power mowers are some examples.

Again, the other side of this picture is that almost all these companies are dependent upon imports of certain materials not available in this country. Steel alloys are made from imported manganese, chrome, nickel, and cobalt. Industrial diamonds, natural rubber, and asbestos come from abroad.

But it is to agriculture that I return as the most important single field of economic activity in my district—agriculture and the reciprocal trade program. I could site to you statistics on the enormous increases which have been registered in our agricultural exports in recent years. Let me also say that all the farm organizations, the Farm Bureau, the Grange and Farmers Union all are in support of the reciprocal trade program.

I grant that many of the agricultural exports were made by the Government. But, I ask you, where would we be if we had not had the trade program to enable foreigners to increase their sales to us, earn more dollars, and pay for at least a part of the agricultural exports? Would we have had to give it all away?

I should like to stress that I consider export assistance of any kind as a temporary measure; that, in contrast, the reciprocal trade program is a fundamental, long-range, sense-making approach to effecting economic readjustments. The American farmer wants to stand on his own feet. I am firmly convinced that in many areas American agricultural production is the most efficient in the world and that in the long run American farm products can effectively compete on world markets. They cannot compete if foreign countries, in retaliation against retreat on our part, raise tariffs or otherwise restrict trade. It is absolutely essential that we push ahead with our entire program looking toward trade liberalization to enable our farm products to find sound export markets.

Considerable progress has been made under the trade agreements program in making it easier for our farmers to export. Some 90 percent of soybean exports, 80 percent of cotton exports, and 75 percent of unmanufactured tobacco move abroad under trade agreement concessions. But more progress can and must be made.

I might note that there is a very close relationship between agricultural com-

modities. Cotton and tobacco are not produced in my district. Yet loss of export markets for cotton and tobacco would release land that might produce products competitive with those produced in my district. Thus it is a matter of very genuine interest to me that cotton and tobacco, as well as soybeans, maintain their export markets.

There seems to be no slightest question but that those with an interest in American agriculture must support the reciprocal trade program. And, for my part, I cannot see but how the program, carefully administered to avoid injury, must aid industry. Certainly and clearly it aids the consumer.

The administration's bill as reported by the committee is well constructed legislation which should enable the program to be carried forward in a positive and successful manner. The alternative bill, H. R. 12676, is so drawn that it would effectively stop all progress on the program.

For instance, the provision relating to section 22 of the Agricultural Adjustment Act is rather serious. It would permit any interested party to apply to the Tariff Commission—which would make an immediate investigation—whenever he decides that an article or articles were being imported into the United States in such quantities as to interfere with any program or operation under the Soil Conservation Act, Public Law 320, or any other program administered by the Department of Agriculture, with respect to any agricultural commodity or product thereof. The Tariff Commission would report to the President the results of its investigation and the President shall impose the duties or quotas prescribed by the bill. The articles may be described "by physical qualities, value, or use, or upon such other basis as it shall determine. Such designations shall be sufficiently broad to prevent evasion and may include any form, combination, mixture, or source in which the article or articles may appear." This language presumably would include as subject to import control any product which contained in any quantity or in any form a commodity covered by section 22. Thus, the compass of this section would be vastly expanded, even though it would not afford any greater assistance to the farming community, which is already protected by the present provisions of section 22. It would instead extend aid to food or other agricultural product processors and, to an unknown degree, other manufacturers who use some agricultural product in some form, and whose proper avenue, when they are injured by imports, is the escape clause.

In summary, this provision means that any private party may undertake to initiate action to protect the Treasury of the United States from the consequences of imports under article 22 of the AAA. The procedures outlined eliminate for all practical purposes any Presidential discretion either in the determination of the facts or of the action necessary to be taken.

Mr. REED. Mr. Chairman, I ask unanimous consent that the gentleman from New York [Mr. RIEHLMAN] may ex-

tend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection? There was no objection.

H. R. 12591 VITAL TO NATION

Mr. RIEHLMAN. Mr. Chairman, the legislation we have been debating for the past 2 days is of vital concern to all of us. I am certain every Member of Congress wants to support a bill which is in the best interests of our Nation in the field of world trade.

This has been a subject to which I have given considerable attention because of my keen feeling toward the many industrial concerns in my own district which are affected both by imports and exports.

I have supported the extension of Reciprocal Trade Agreements since coming to Congress. But it has not been a pleasant, nor simple task for me to cast my vote in favor of this legislation each time it has been brought before the House.

There has been concerted opposition to this legislation through the years from groups in my district—fine, upstanding organizations I might point out—and it is not easy to continually oppose what these people believe to be right.

Although I may appear to these people—many of whom are close friends—to have a closed mind on this subject, I want to make this assurance, that my decision has been reached only after very thorough consideration of all the issues.

I believe the new provisions, particularly those that strengthen the peril point and the escape clause, will certainly give additional protection for our local industries.

We all are concerned with the welfare of the industries of our country and we have a deep interest in those that are affected by our trade programs. At the same time we must take into consideration the effect of this legislation on our Nation as a whole and its future relationship with those nations which are our friendly allies and in whom there is mutual trade dependence.

Protection of both our home industries and our extensive trade program is a worthy goal. It is a goal which we will more nearly fulfill through passage of this legislation.

There is no question in my mind that the new provisions concerning the peril point and escape clause offer the protection our home industries need. I would like to refer to the House Committee on Ways and Means report—House Report No. 1761—on the changes which I think will be helpful.

The committee report reads as follows concerning these points:

The peril-point provisions of the existing legislation are amended by the bill by extending from 120 days to 6 months the period which the Tariff Commission has, after its receipt of the lists of possible negotiating items, to complete its peril-point reports.

The purpose of this amendment of the peril-point provisions is to permit the Commission to make more extensive investigations in connection with its peril-point responsibilities.

The bill also amends the peril-point provisions to direct the Tariff Commission, as

the present legislation does not, to institute an escape-clause investigation automatically whenever it finds in a peril-point investigation that more restrictive customs treatment is required to avoid serious injury to the domestic industry producing like or directly competitive products. The purpose of this amendment is to provide for a more expeditious determination of whether escape-clause action is needed. Since in peril-point investigations, including hearings, attention is focused principally on the effect of possible decreases in rates of duty, it is appropriate to have a separate expeditious investigation based on the escape-clause criteria, before escape-clause action is taken increasing rates of duty.

Under this new provision, whenever a majority of Tariff Commissioners, or half the Tariff Commissioners and the President, agree on a peril point calling for increased tariff restrictions, an escape-clause investigation shall be instituted automatically. This assures that there may be no loss of time in proceeding toward a determination on a basis which will, if necessary, permit action by the United States. Although the President may still negotiate the indicated increases, together with compensatory adjustments, the possibility of escape-clause action, which international agreements permit without prior concurrence, will thus be assured, if needed, in the event agreement with another country on the increase proves impracticable. * * *

In keeping with its report on H. R. 1 in 1955, the committee has kept the matter of administration of the escape clause under close study and as a result has decided to propose additional amendments to existing legislation with a view to making the escape-clause procedure more effective.

First, your committee recommends in sections 6 and 7 of this bill that machinery be provided whereby Congress may review recommendations of the Tariff Commission which are disapproved by the President in whole or in part. Under the bill, if the Congress decides as a result of such review that action recommended by the Tariff Commission should be put into effect, such action takes effect in the event that Congress adopts a concurrent resolution by a two-thirds vote in both Houses, approving the action recommended by the Tariff Commission. * * * The bill contains a committee amendment to section 7 (a) of the Trade Agreements Extension Act of 1951, which makes it clear that organizations or groups of employees can file an application for an escape-clause investigation. This amendment is aimed at removing any doubt that employee organizations or groups of workers who are or have been employed in a particular industry are qualified to make application for escape-clause investigations even though management does not join in the application. * * *

In order to assure the Tariff Commission access to all necessary and pertinent information and to expedite escape-clause and peril-point investigations by the Commission, the bill provides, under another new provision, that the Tariff Commission be given the power of subpoena, in connection with its responsibilities under the trade agreements and other legislation, similar to that which it has with respect to its responsibilities under the Tariff Act of 1930. * * *

Whereas under existing legislation the Tariff Commission is allowed 9 months to complete an escape-clause investigation and report to the President, the committee has included in this bill a reduction of that time limit to 6 months with a view to expediting any relief which might be found necessary and appropriate as a result of the investigation. * * *

In an escape-clause application involving a product bound on the free list, the Presi-

dent's authority to grant relief is now limited to establishment of an import quota, because the existing law forbids transfer by the President of articles from the free list to the dutiable list, and vice versa. Recognizing the inflexibility and the other disadvantages inherent in the use of quotas in international trade, your committee's bill expands relief measures for industry by granting the President authority in escape-clause cases to impose a rate of duty up to 50 percent ad valorem upon a free-list item which has been bound in a trade agreement. Accordingly, it will be appropriate for the Tariff Commission to recommend such action if it finds it necessary to prevent or remedy serious injury.

The committee bill also permits duty increases on dutiable items up to 50 percent above the July 1, 1934, level—a change from the present base date of January 1, 1945. This measure also will help avoid use of quotas.

I am convinced H. R. 12591 will give us the protection we desire, and yet will not hamper our trade program. My interests are in people, in their jobs, and in their continuing to work at their jobs. But I do not want to place myself in a position of supporting a measure providing immediate but only temporary relief. This type of action most certainly would lead to the dissolution of many other industries through the loss of opportunities to export.

If we move to protect our industry here, but fail to view the overall picture and swing over to the protectionist side, we will destroy many more industries than we can help. Raising our tariffs can only be a temporary expedient. In bringing special advantage to a few, we could wreck many more exporting industries and create chaotic conditions in our entire economy.

The Simpson bill does not provide the answer to the trade problems of the future. If I thought so, I would give it my wholehearted support. But I believe the Simpson bill in truth is retrogressive. It could well lead to the erection of trade barriers, which in turn could mark not only the end of our great trade program, but could have a disastrous effect on the family of free nations which today stands together to meet the onslaughts of communism. Our actions in considering extension of the trade agreements must be viewed in the light of future events.

I know of nothing that would be more effective in forcing into the Communist bloc the nations upon which we now depend for trade than to pass legislation which would have the effect of destroying our trade agreements with them.

We are at the crossroads of decision again. We must determine whether to extend this vital program or to substitute a program which, to my mind, will isolate this Nation from the rest of the world. Our economic world leadership will falter if we begin to follow a defensive trade policy in opposition to the broader trade principles outlined by the President in his request for a renewal of this program.

The President has posed a challenge to Congress to take a giant step and put our trade policy on the offensive as never before. Shall we bury our heads in the sand, and ignore the realities of

a world that demands forthrightness and leadership as never before?

Or shall we meet this new challenge and continue a liberal trade policy which will create a climate of optimism that can stimulate increased economic activity to satisfy the world's needs for trade and investment?

As the committee report stated: "If the United States is to continue to lead the free nations to a more secure peace and a better world, it cannot afford to take economic measures in disregard of its own interest and of the interest of nations associated with it."

I do not believe we solve anything by putting up the protectionist curtain other than to abdicate our position of leadership in the free world.

I cannot follow any course other than support of this vital program. Without this program, we will lay open a new avenue to the Soviet Union in which it can carry on its intensive campaign against the free world. Continuation of the trade program through passage of H. R. 12591 will be a forceful reiteration to the nations of the world that we are not only interested in the welfare of all mankind, but that we are backing up that interest with effective action.

Mr. REED. Mr. Chairman, I yield 7 minutes to the distinguished minority leader [Mr. MARTIN].

(Mr. MARTIN asked and was given permission to revise and extend his remarks.)

Mr. MARTIN. Mr. Chairman, I rise in support of the bill reported out of the Ways and Means Committee. In this period when we have tense relations with a large part of the world it would, in my opinion, bring economic disaster to fail to continue our trade relations through this pending measure.

The bill reported provides a larger degree of protection for American industries than the expiring bill, and I believe it can be passed with our own economic interests protected. Indeed, in this legislation the President could, if he believed advisable, boost tariffs 50 percent higher than the Hawley-Smoot rates.

The bill continues the President's power to reject a Tariff Commission report, but it also provides the right of Congress, through a two-thirds vote, to override the President. That change has been derided as valueless; but, if there is any denial of relief which hurts an industry, it can be effective to appeal to the Congress.

May I at this time read a letter I have received today from the President of the United States:

THE WHITE HOUSE,
Washington, June 10, 1958.
The Honorable JOSEPH W. MARTIN, Jr.,
House of Representatives,
Washington, D. C.

DEAR JOE: In response to your inquiry as to my attitude concerning H. R. 12676, it is my opinion that if this substitute should prevail, the reciprocal trade program would be irreparably damaged. It contains provisions which would nullify for all practical purposes the operation of the act. I could enumerate these provisions, but I understand that an analysis of them has been made available to the Members of the House, who can readily comprehend their disastrous effect on this program.

It is my earnest wish that the House adopts without change (either by motion to recommit or otherwise) the bill reported to the Ways and Means Committee. That bill will best serve the interest of American industry and the well-being of the free world.

With warm regard,
Sincerely,

DWIGHT D. EISENHOWER.

I do not believe the industries which are suffering today will be materially affected through this measure. In the first place it will have no effect on treaties already entered into. They stand as they have been agreed upon. In the second place, no further treaties are contemplated until the European common market is set up. That is at least 2 or 3 years away; and the legislation does give more opportunity for relief to affected industries than the present law.

Any real remedy, or any real help to industry must come either from legislation not before us today or not contemplated at this time to be brought before us, or from the executive department.

The views expressed in the amendments suggested cannot become law, as that would require a two-thirds vote in both Houses to overcome a Presidential veto, which I am sure would be the result. No one believed that could be accomplished. We have in the committee bill the same opportunity of relief for specific cases.

In these days tariff rates do not provide protection, generally speaking, no matter how high they are placed. Quota agreements are the only real remedy for an industry seriously affected; and I have confidence that the Secretary of Commerce, upon whose advice the President will largely lean, can be counted upon to support vigorously any industry, seriously affected.

We must, of course, give our full thought to the industries that have been affected adversely in the last few years. This must be a major concern of the Government and certainly we should have sufficient intelligence to shield those workers from harm. It is a problem that requires study and action.

Finally, there is our position in world trade to maintain. Over four million jobs in the United States are threatened if our foreign-trade opportunities vanish. And the purchasing power of these people cannot be underestimated by the industries who may feel they suffer harm from the legislation, because the purchasing power of four million families is very helpful to any industry, no matter where it is located. Then we have the question of the free world. It is a problem that requires the most careful consideration. Unless we have cooperation in this world, unless we can give and take we will eventually find ourselves outcasts in world trade.

For these reasons, I believe, as does the President, that it would be undesirable to adopt the proposed amendment, and that, for the best interest of every industry in this country and certainly for the best interest of 170 million people that we pass this bill as reported out of the Ways and Means Committee.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. DORN].

Mr. REED. Mr. Chairman, I yield 5 minutes to the gentleman from South Carolina [Mr. DORN].

The CHAIRMAN. The gentleman from South Carolina is recognized for 15 minutes.

Mr. DORN of South Carolina. Mr. Chairman, first I would like to say that I appreciate the courtesy in every single instance that has been extended to me by the distinguished chairman of the Committee on Ways and Means. I do not know of a person in this House or anywhere in the country whom I admire more than I do the distinguished gentleman from Arkansas [Mr. MILLS].

Likewise, I have the highest regard for my distinguished friend, the gentleman from New York [Mr. REED], and my distinguished friend from Pennsylvania [Mr. SIMPSON], both of whom have been very courteous, fair, and nonpartisan in this debate.

Mr. Chairman, I get tired of hearing people all over this great country of ours and particularly here in this House talk about communism as an excuse to circumvent the Constitution of the United States. I honestly believe this: During the 10 years I have been here Communist Russia in those 10 years has made a good start toward dictating the domestic economic policy of this great country of ours. I know they already largely dictate the international policy of these United States. I took an oath here in this well to uphold, support, and defend the Constitution of the United States, not a constitution of the so-called free world but the Constitution of your country and my country. My only obligation in addition to that Constitution is to the sovereign people, 325,000, whom I represent.

Adam Smith in the year 1776, while he was professor of moral philosophy at the University of Glasgow in Scotland, advanced a limited—and I say limited advisedly—free-trade theory in his book *The Wealth of Nations*. Alexander Hamilton, Thomas Jefferson, James Madison, Monroe, and many of the Founding Fathers of this country obtained a copy of that book in the early history of our country. They were influenced by the free-trade theory of Dr. Smith, professor of moral philosophy at the University of Glasgow. They also recognized that Smith was not an absolute free trader. Alexander Hamilton and the great founder of our party, Thomas Jefferson, modified the so-called general theories of Adam Smith about free trade and heeded his warnings concerning agriculture and defense. They saw the necessity of creating some industry in this country as a means of national defense.

John C. Calhoun was mentioned here on the floor a few moments ago. Yes; I was born not far from where John C. Calhoun was born and I am happy to represent his old district in the Congress of the United States. Need I remind you today that John C. Calhoun intro-

duced one of the first bills in this Congress to offer relief to growing American industry in the form of a realistic tariff. I am thankful that he did because it helped this country to start on the road to becoming an industrial giant.

It is true that John C. Calhoun later on adopted a free-trade theory since he envisioned an agricultural economy for the South. But today the South is not solely agricultural. I have talked with many military strategists and they attribute that to the defeat of the Confederate States during the great War of Secession. John C. Calhoun in following his free-trade theory to the extreme, buying manufactured goods from England and western Europe and selling agricultural products to western Europe, condemned the Confederacy from a military standpoint of defeat. The Confederacy had simply become a victim of free trade. We stuck to agriculture and bought all our manufactured goods in Europe. We therefore did not develop any industry. It was easy for the North to blockade the South, cut us off from Europe and wait for the inevitable result. America under this 5-year extension could become too dependent on foreign sources of supply. I honestly believe today that under this free-trade theory, under this one-world philosophy American can be cut off from essential industry by the overwhelming Russian submarine force. Member after Member gets up in this well and talks about the free world instead of the people whom he or she represents, and the Constitution of our country. Listen. America has been in 3 world wars; America, the heart and core of free world. Now, if anything happens to the heart and core of the free world, all of the free world will collapse, and it seems to me that all the Communists have to do today is to start a riot in South America, is to make a move in Syria, or to invite Nasser to Moscow, and then somebody will get up in the United States of America and say "Oh, we have to have freer trade; we have to represent the people of the world and not the people of the United States." Members of the Committee, that is the surest way that I know of for the defeat of this great palladium of liberty. Our domestic foreign policy is predicated on what Russia thinks and does. We should act here in this body for America, Russia not withstanding.

The American Legion this year—and I am proud to say that I am a Legionnaire—adopted a resolution at Indianapolis, Ind., unanimously, during its executive committee meeting April 30 to May 2, in which a resolution for the first time in the 39-year history of the American Legion was adopted advocating some relief for the defense industries of this country and unanimously opposed a 5-year extension of the present agreements. Why? Because as men who served overseas they know the conditions in southeast Asia where they fought, and in Europe where they fought, and they know that if we move the defense industries of this country and sources of our defense capacity, as is being done

today, close to the periphery of Russia, in easy reach of the Red army, in easy reach of guided missiles and the Red air force, that when the Red army moves out to grab these industries the free world will fall like a stack of cards. I say to you today that America is in great danger.

What about this free-trade philosophy? You know, the American people at the grassroots are beginning to wake up. Just the other day, in the great State of Pennsylvania, they repudiated the one-world, free-trade philosophy advanced by Harold Stassen. And I say this, too, that one of the greatest men it has been my privilege to know, in addition to our distinguished Speaker sitting here, the gentleman from Texas [Mr. RAYBURN], and our former distinguished Speaker, the gentleman from Massachusetts [Mr. MARTIN], since coming to Washington in 1947 straight from the Air Force in Western Europe, has been the late great immortal Robert A. Taft, of Ohio. Bob Taft repudiated the one-world, free-trade theory of Charles Taft, his own brother, and, I am reliably informed, voted the Democratic ticket for Governor of Ohio. Mr. Charles Taft is out over this country today attacking me and others because we happen to believe in the Constitution of this country, and I happen to represent the people of the great State of South Carolina, who still believe we should stand by the Constitution and represent America first. Oh, yes, my friends, that is the committee that jumped on the great Senator RUSSELL, from Georgia. I am glad to see the Georgia Members on the floor standing by the Constitution, as always. This Committee, headed by this motion-picture executive, Eric Johnston, jumped on Senator RUSSELL for a speech he made in Hollywood, Fla. Oh, my friends, they want us to legislate here for the free world. Senator RUSSELL really needs no defense. He is an American and knows how to defend America; a fine constitutional lawyer who realizes that all battles do not take place on bloody fields, but many occur in legislative halls. Senator RUSSELL is well aware that a strong America is the best way to defend the free world—and in the cold war of today America's strength is in its fully employed labor, in its better than break-even farms, and in its diverse industries. The free traders and theorists want us to legislate here at every whim of the dictatorship in Moscow. All Russia has to do to get legislation passed here is to criticize America, to criticize the tariff, to criticize this Congress, and we will have men rushing into this well trying to change the Constitution of your country and my country. The Constitution plainly states that the power to regulate trade and tariffs is in the hands of Congress.

Oh, they talk about the farmers. I am one of the few dirt farmers in this House. I have never had any occupation other than public office and the time I served in the Armed Forces, except between the plow handles. I am a member of the Grange and the Farm Bureau. How can I conscientiously tell the farmer on one side of the road, at Route 1, Greenwood, S. C., where I live, that I am going to

vote for him the most absolute quota known to man, you cannot ship any wheat into America to amount to anything, you cannot ship any cotton into this country—they have the most absolute protection that I know of—and then how am I going to tell the textile worker on the other side, my neighbor, that his job is expendable, that his job is open to the low-wage countries of southeast Asia? What kind of a Congressman would they think their Congressman is from the Third South Carolina District?

I am going to be fair to the farmer and I am going to offer him some relief. But likewise, I am going to stand by that textile man who uses 80 percent of the cotton grown in the United States of America. The best friend of the cotton and wheat farmers of the United States is the American working man and American industry who purchase his agricultural products.

Mr. Chairman, they talk about low-wage imports. I want to say to my friends over here from the great city of Detroit that in 5 years time under a 5-year extension of reciprocal trade, when Ford and General Motors and Chrysler and all the rest of them complete their plants in Brazil, when they finish their great expansion program overseas and start bringing these cars back into America, they will be following me into this well, if it is not too late, advocating some relief. There will be mass unemployment in Detroit if we extend the administration bill for 5 years.

I saw in the U. S. News & World Report not long ago where last year 57 percent of the automobiles imported into Brazil in 1957 were from the United States of America. In 4 years they will not import a single car from America because of the expansion program of Ford, Chrysler and General Motors. Oh, my friends, it is easy for capital to move overseas, but it is difficult for the working man to sacrifice his independence which is unrestrictably tied to his job. It is gone to the man, woman, or child, mark you, child, in foreign countries—perhaps forever.

Let me say to our Speaker that this is really an attack on the great program that he and some of his colleagues passed in 1936. Why was the wage and hour law passed? So as to equalize the situation in America, so that interstate commerce, going from one State to another in this great country, would be under the same minimum wage and maximum hours provisions. Social security; unemployment insurance; laws against child labor—Mr. Chairman, this is an attack on this great progressive legislation that took 100 years to put on the statute books of this country.

Oh, my friends, they are going overseas to circumvent our labor laws. Let me tell you this. If I were to go down to the State Department today to get an appointment for a man in the textile business in my State who wanted to fire 5,000 or 10,000 employees, they would help him go to India, a doubtful country, a neutral country, or he would be in Indonesia, in 48 hours.

I have seen this happen. I know what I am talking about. In 48 hours they

would get his passport and he would be met in India or Indonesia? He would be met by the point-4 people with bushel baskets of American dollars. There is free electricity, free water, and the Government guaranteeing him a profit. There are no taxes to be paid and cheap labor for as low as 9 cents an hour. Oh, my friends, where is this great country of ours going?

What about tobacco? I have heard a lot about tobacco. Let us take the tobacco-growing industry, as we find it in Rhodesia. The average Rhodesian farmer can grow 65 acres of tobacco. The government offers him the incentive of no taxes whatsoever on the land, if he will just grow more tobacco. But, in America where tobacco originated and where we used to sell all of it abroad in the colonial days, the average tobacco acreage is $4\frac{1}{2}$ acres, and it is getting less all the time.

Turkey offers its tobacco farmers the incentive of not having to pay any income tax. There are no income taxes whatsoever if they will just grow more tobacco. The Philippines have a duty on American tobacco of 60c per pound.

Where are we going? We are condemning the farmers of our country to a state of servitude from this time forth. Price supports will not save our American farmers. You can give them a dollar a pound for cotton and you can give them a dollar a pound for tobacco, but if you do not let the American farmer grow more than 1 or 2 acres of tobacco, how is he going to send his children to college and how is he going to buy the automobiles from Detroit? They cannot even buy them today. But, let me tell you gentlemen from Michigan—I see the gentleman from Michigan [Mr. RABAUT]—let me tell you I am not going to buy one of those foreign cars. I am going to buy a car made in America. Maybe I am wrong. Maybe I am too American. But, I want to stand up for the people of Michigan because I know how the boys from Michigan stood by me on the western front in World War II. They are Americans and their jobs are not expendable. If we are going to defend and protect the free world, let us continue to be the arsenal of democracy. Detroit is more essential than a plant in Germany or India even for their protection. Do you know what Mussolini is reported as having said about this body? He said:

The American Congress is a bunch of parliamentary charlatans.

Hitler agreed with him. But, I do not have to tell you that I do not agree with either one of them. This is the greatest body that has ever been created by man and it is my privilege to serve in this body. But if we are to continue in the great tradition of our creators we must not continue to turn our power over to the Executive. If we do we may become an American Reichstag—a pawn in the hands of the Executive. Do we not have confidence in ourselves? I think you know more about your districts and I think you know more about foreign affairs than the theorists in the State Department. Most of the Members of this Congress served abroad in World

War I and World War II or the Korean war. I think you know more about foreign affairs than any so-called expert in the Department of State, and you certainly know more about the Constitution and about your own congressional districts and about this great country. Let us stand up today for America. Vote for what you think is right and not for the interest of some dictator abroad who could, and if expediency suggests, nationalize these industries and these plants that Ford and General Motors and all the rest of them are going to build over there. Let us protect independent oil, it is essential to national defense. May I say to my colleague, the gentleman from Oklahoma [Mr. EDMONDSON], whom I admire, let us save this oil industry because oil could be nationalized in the Near East overnight. All of the heads of these governments are would-be dictators. I honestly and sincerely believe that all of the strings are being pulled by some sinister forces across the seas in the hope that America would react in a certain way—and knowing that we are going to react as we have—not for America—not to keep America strong and not to keep America the arsenal of democracy, but to scatter our strength and our goods all over the world.

Mr. Chairman, of course I am going to vote for the Simpson substitute. It is the same as the bills that many of us have introduced. It is a reciprocal-trade bill. It is a bill for mutually advantageous, reciprocal trade for the other country and also for America. I have heard very little about America here. I have heard a lot about communism and our so-called allies. Let me remind you that this is a crucial hour. If anything happens to the economy of America heaven help the free world. They will be at the mercy of Soviet Russia. The only way for me to save the free world is to vote to make America strong by saving American labor and American industry.

In the next 5 years America will take the road to freedom, to real world leadership, or we will become weak and impotent. Our domestic economy should not be leveled downward. If it is, the healthy economy of our country will be destroyed. The Simpson bill is the only answer.

The CHAIRMAN. The time of the gentleman from South Carolina [Mr. DORN] has expired.

(Mr. JONAS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JONAS. Mr. Chairman, a certain amount of exaggeration and misrepresentation, I suppose, is inevitable in every heated debate. But it does seem to me that some of the proponents of the committee bill have gone beyond permissible limits in misrepresenting those of us who are seeking reasonable modification of the sweeping delegation of authority in the pending legislation.

I feel that some of these misrepresentations should be corrected before the record is closed. Following are some of the erroneous allegations that have been

made in the course of the debate and my own answer to them:

First. It has been alleged that this is a fight between those who believe in international trade and those who believe we can live unto ourselves alone and wish to cut our country off from the rest of the world.

The answer to this allegation is simply that it is not so. There may be some Members of this body who advocate that but if so I do not know who they are. I am satisfied that the overwhelming majority of those who support the substitute bill favor and advocate an expanding volume of international trade. This is certainly my own position. I favor trading with the world on a sound and fair reciprocal basis.

Second. Then it has been alleged that this is a fight between those who urge the elimination of trade barriers and restrictions and those who would erect a high tariff wall around our country in an effort to prevent imports from entering.

This is another erroneous or false allegation that cannot be supported by the facts. Both bills—the committee bill and the proposed substitute—do provide authority to increase duties; but neither bill proposes any raises in current tariff levels. There is not a single suggestion in the substitute proposal which can fairly be construed as contemplating increases in tariff rates.

Third. It has been alleged that the proposed substitute bill would scuttle the trade agreements program and cause a drying up of international trade.

This allegation is specifically denied. There is not even the slightest suggestion in the substitute bill that trade agreements should be discontinued or curtailed. And there is absolutely nothing in it that would affect in the slightest degree any existing trade agreement. On the contrary, the substitute proposal contemplates a continuation of that program.

Fourth. It has been alleged that if the committee bill is not enacted foreign countries will not have the dollars they need to buy American-made goods.

That allegation is also untrue and is denied. Foreign countries acquire dollars from a variety of sources: United States foreign aid, GI and tourist spending, private investments, and by receipts from exports.

In 1957, for example, dollars obtained from exports to the United States paid for only 67 percent of our exports. Therefore, one-third of all of our exports last year were paid for by dollars from sources other than exports to this country.

Moreover, more than 50 percent of our imports—the exact percentage being variously estimated from 50 to 66½ percent—enter this country duty free and are not affected in the slightest degree by existing tariffs. Therefore, less than one-third of our imports have anything whatsoever to do with the problem of acquiring dollar balances by foreign countries from exports to this country.

In addition, the record shows that foreign-made goods have no difficulty penetrating our country over current tariffs which are, in fact, extremely low in comparison with existing tariffs in other countries of the world. The only proof required to support this statement is to cite the fact that we are currently importing about \$10 billion worth of foreign-made products each year and existing tariffs would seem therefore to present little difficulty for foreign producers who wish to sell their goods in the markets of the United States.

Fifth. It has been alleged that the textile industry cannot be as hard hit from imports as contended because textile imports amount to only 3 percent of domestic production.

This allegation is unsound for the very simple reason that textile mills do not produce just one single type of cloth. The textile industry is actually a group of many different industries producing hundreds of different types of fabrics.

The allegation can be disposed of simply by citing the fact that in recent years foreign-made goods have taken over 70 percent of the domestic velveteen market—not just 3 percent of it but 70 percent of it. And foreign producers have taken over 48 percent of the gingham business in the United States—not 3 percent of it but 48 percent of it.

But, it is alleged, the domestic mills that have been producing velveteens and gingham should diversify and shift over to some other textile product. Now, that is a bright suggestion. In effect it proposes that we surrender the domestic market for velveteens and gingham and leave these fields to foreign producers. That suggestion does not appeal to the people who have been engaged for years in the production of velveteens and gingham in my district. They feel that they should have a reasonable chance to continue in the fields where their experience lies and that they should have a reasonable chance to compete with foreign-made velveteens and gingham in our own market, and I might add that I agree with them.

Moreover, a shift from velveteens and gingham is not as easy as it sounds in theory. Such action would have a disturbing influence on the market for other textile products and many of these fields are already overcrowded as it is. The industry is highly competitive and extremely sensitive. What incentive is there for a long-established gingham or velveteen firm to incur the heavy expense that would be required to shift over to some other textile product which tomorrow may become as vulnerable a target for foreign producers as velveteens and gingham have been in the past?

Sixth. But it is alleged that since we export more textiles than we import, the balance is in favor of the domestic industry and it should be satisfied.

That, too, is a fallacious argument. The United States textile industry is the largest and most diversified producer of textiles in the world. Some of the other countries of the world are also large producers of textiles; but some of the other countries produce only limited quantities

of textiles or none at all. The United States textile industry does not expect to export textiles in substantial amounts to major producing textile countries abroad; but it does feel that it should have the right to compete in the textile markets of those countries that are not heavy producers of textiles.

It is just as logical for the United States to be a major exporter of textiles as it is for Cuba to be a major exporter of sugar. Other sugar-producing countries do not expect to export sugar to Cuba and no one is suggesting that Cuba import sugar when it produces more sugar than is required for domestic consumption.

Seventh. It has been alleged that those who favor the proposed substitute represent selfish interests who are indifferent to the welfare of the whole country.

This allegation I also deny categorically. The substitute bill does not seek to impose higher tariffs. It simply recognizes the fact that, after 25 years of persistent slashing of tariffs—which has progressed to the point where we are one of the lowest tariff countries of the world and approximately two-thirds of all imports into this country enter duty-free—the opportunities for further tariff cutting are exceedingly limited. The committee bill would authorize additional tariff cuts amounting to 25 percent whereas the substitute bill would limit the additional cuts to 10 percent.

These are just a few of the fallacious arguments that have been advanced by proponents of the committee bill. Others might be cited if time permitted, but I believe the foregoing answers should at least dispose of some of the most glaring allegations that are not supported by facts.

According to information compiled from official sources, nearly 50,000 persons in my district are employed in manufacturing and mining enterprises. More than 50 percent of this number are employed in mills producing textile products. One velveteen plant recently closed its doors, liquidated its machinery, and the buildings are now used for dead storage.

The entire economy of two of the counties in my district is based upon mining. About 75 percent of all of the mica produced in the United States comes from North Carolina, and most of it from my district. Our State also supplies almost all of the china clay produced in the United States and about 65 percent of all the feldspar. Two counties in my district are large producers of china clay and feldspar. These products are major components of dinnerware. The cost of labor in the manufacture of dinnerware runs from 60 percent to 69 percent of the total cost. The average wage earned by an American potter is \$1.80 per hour, as compared with the average of 22 cents per hour in the countries from whence the competition comes.

Faced with this kind of competition, it is no wonder that the dinnerware industry in the United States is faced with extinction and that the mines in my district are barely able to keep operating.

In addition to the dinnerware competition, the domestic producers of feldspar are faced with heavy competition from foreign-produced nepheline syenite. Nepheline syenite is used as a substitute for feldspar and it enters this country duty free. In 1957 alone, imported nepheline syenite replaced 200,000 tons of feldspar, most of which was produced in my district.

I do not concede that I am being selfish if I fight to prevent the destruction of the mining industry in my district or to prevent the destruction of the textile industry. These two industries constitute the backbone of the economy of my district. They do not seek a captive market. They are willing to compete on a fair basis with anyone. But I submit that when tariff rates today are low enough to enable foreign producers to sell in this country almost at will, there is just not enough room left for further substantial reductions.

Unless we are prepared to preside over the liquidation of important segments of our economy, I think we should reject the committee bill and enact the substitute. Speaking for myself, I do not propose to do that with respect to the industries in the district I have the honor of representing here in Congress. If that should happen, it will at least be over my protest and objection. The substitute bill offers the only opportunity for me to register that protest and I am supporting it for that purpose.

(Mr. SPRINGER asked and was given permission to extend his remarks at this point in the Record.)

Mr. SPRINGER. Mr. Chairman, H. R. 12591 to extend the Reciprocal Trade Agreements Act has my support.

I have listened carefully for almost 2 days to both the proponents and the opponents of this legislation. I have heard very little discussion of the effect of this legislation upon American agriculture. For that reason I trust the House will bear with me for a few minutes in order that I may bring you a better understanding of the stake American agriculture has in the extension of the Reciprocal Trade Agreements Act. There is probably no segment of the United States' economy that has a greater stake in foreign trade than agriculture and the extension of the Reciprocal Trade Agreements Act makes possible more trade and more export of American agricultural produce. It has been estimated that the annual exports of agricultural commodities from the United States represents the production of some 50 to 60 million American cultivated acres. This is an area equivalent to the combined cultivated land of Mississippi, Tennessee, Louisiana, Kentucky, Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia. Putting it another way, our agricultural exports provide a market for the produce of 1 out of each 10 acres of cropland in the United States. In 1951, when our agricultural exports ran up to \$4 billion, this was the equivalent of \$1 out of each \$8 in cash farm receipts of the United States.

It will be noted further that in 1953, of our total production we exported 45

percent of our rice, 26 percent of our tobacco, 24 percent of our cotton, 21 percent of our soybeans, corn, and their related products, 19 percent of our wheat and flour, and 18 percent of our total production of some of our major agricultural commodities.

In central Illinois I represent 1 of the 4 or 5 most productive areas in the United States. I trust my colleagues will not consider me selfish if I point out what this means to the eight counties of the 22d Congressional District of Illinois. I am sure that these facts would be just as applicable to almost any other Congressman who represent a farm district in this Congress. In central Illinois the land, being fertile and level for the most part, is more profitable for raising corn and soybeans than in feeding hogs and cattle. As a result, from the eight counties in my district comes a large share of the corn and soybean surplus that will be made available for export.

I have found from experience that anytime there is a reduction in our exports of agricultural commodities there follows lower prices, increased surplus problems, with acreage restrictions and marketing controls.

One of the most important answers to the problem of our agricultural surpluses is an expanded foreign market. Under the reciprocal trade agreements program, concessions have been obtained for almost every agricultural product customarily exported from the United States in any large amount.

May I also point out the tremendous value of exports in another way. Were it not for exports, American agriculture literally would die for lack of sustenance. The large flow of agricultural products to customers overseas not only provides additional farm income but also eases the pressure of supplies on the domestic market and strengthens prices.

In the 1956-57 marketing year, we exported more than one-third of our soybeans and soybean products, nearly one-seventh of the feed grains marketed by farmers, over one-half of our wheat and large quantities of livestock and dairy products. Each of these is important to Illinois.

Continued heavy exports are particularly important for our efficient and expanding soybean industry. Livestock production is growing rapidly in foreign countries and may be expected to maintain large imports of our surplus feed grains.

A heavy crop of wheat is in prospect for 1958 and every possible export outlet will be needed. Foreign countries are expected to continue to be a major outlet for the large quantities of dairy products bought under the price-support program. Lard and tallow, as byproducts of our expanding livestock economy, will continue to be in heavy surplus in the domestic market.

In terms of the 1956-57 national export total, the proportionate share of exports in the State of Illinois was \$95.7 million for soybeans, \$53.1 million for corn, \$50.2 million for wheat, \$36.8 million for livestock and products, excluding

dairy and poultry, and \$8.4 million for dairy products.

Over 290,000 persons in Illinois work on farms and their need for supporting services creates employment for thousands more. The impact of exports of farm products is broadly reflected throughout the State.

Like all parts of America, Illinois also is an importer of agricultural products, but these are largely tropical or semi-tropical products not grown here, like coffee, tea, spices, bananas, and the like. In addition, there are some imports of competing specialty livestock products, often of fancy grade and higher in price. In balance, however, exports of our products greatly exceed imports.

My colleagues, my purpose in pointing out to you the situation as it exists in Illinois is because I believe Illinois to be a rather balanced State—with both agriculture and industry looming large in the picture.

Some of my other colleagues have pointed out the importance of exports of industrial products and how much industry has at stake in the entire problem of export. What they have had to say would likewise apply to Illinois, as well as other States of the Union. I have limited my remarks to agriculture because I did not believe in this debate any specific example had been given of the importance of export to agriculture—and the Reciprocal Trade Agreements Act has made possible the tremendous export of agricultural products in the last 20 years.

There has been no piece of legislation before this Congress in this session to which I have given more thorough study or more careful scrutiny. It is my belief that the passage of this bill will continue to further expand the foreign markets of this country for agricultural products. This expansion is urgently needed by American farmers. The entire problem can be summed up in the theme which President Eisenhower used on another occasion:

If we fail in our trade policy, we may fall in all. Our domestic employment, our standard of living, our security, and the solidarity of the free world—all are involved.

For our own economic growth we must have continuously expanding world markets; for our security we require that our allies also become economically strong. Expanding trade is the only adequate solution for these two pressing problems confronting our country.

(Mr. BALDWIN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BALDWIN. Mr. Chairman, I rise in support of H. R. 12591, which would extend the reciprocal trade program. I have supported the reciprocal trade program in the past and feel that it is essential that this program be continued. The jobs of 4.5 million American workers depend upon foreign trade. If we were to take action to limit or materially curtail the reciprocal trade program, we would not only restrict imports but would also then necessarily greatly reduce our exports, as the United States can only export to nations that can obtain dollars to pay for the goods they import. The only way these nations can

obtain such dollars is by selling goods to the United States.

The great shipping center of the San Francisco Bay, including the ports of San Francisco, Oakland, Richmond, and other cities on the bay and on Carquinez Straits, is dependent upon an exchange of goods and materials with other countries. If we were to build up high tariff barriers and rigid quota barriers around this country, the ports of San Francisco, Oakland, Richmond, and others would be greatly curtailed in activity with the loss of many thousands of jobs to workers in the bay area.

For these reasons I believe it is in the best interests of the people of this country that we pass H. R. 12591 and authorize the continuation of the reciprocal trade program.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. IKARD].

Mr. IKARD. Mr. Chairman, I would like to ask the distinguished chairman of the committee two or three questions.

Is it a fact that the so-called national security section of the committee bill has as its purpose providing the executive department with a means of taking whatever action is necessary to avoid a threat to our national security through imports and to make such that injury to a particular industry essential to the national security will be avoided?

Mr. MILLS. The answer is "Yes."

Mr. IKARD. Is it a fact that the national security amendment of the present law was amended by the committee as reflected in the committee bill for the purpose of improving and facilitating the operation of this provision by providing specific criteria and guidelines for use in its administration?

Mr. MILLS. The answer to that question is "Yes."

Mr. IKARD. The national security section of the committee bill specifies certain factors which would govern the Director of the Office of Defense Mobilization and the President in determining whether imports are a threat to national security. These are stated in the committee bill substantially as follows:

The Director and the President shall * * * give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availability * * * products, raw materials, and other supplies and services essential to the national defense, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the importation of goods in terms of their quantities, availabilities, character, and use as those affect such industries and the capacity of the United States to meet national security requirements.

I am interested in knowing how these criteria would relate to the problem of excessive imports of petroleum and petroleum products. Is it intended that under this provision imports of petroleum and petroleum products be held at levels which would permit the domestic industry to engage in a vigorous program of exploration at a rate consistent with the demands of our economy?

Mr. MILLS. This provision is intended to hold imports at a level which will permit the United States to have sufficient oil, known, discovered, and developed as is required to meet our national security needs.

Mr. IKARD. Does the committee amendment that will be offered to the national security section of the committee bill dealing with investment, exploration, and development necessary to assure the proper growth of an industry have any significance to the petroleum industry and other extractive industries?

Mr. MILLS. Yes. This amendment will be offered to the bill for the purpose of further clarifying the committee's intentions with respect to encouraging free enterprise, exploration for, and the development of our natural resources at a rate sufficient to meet the demands of our national security. If drilling and exploration activities do not reach a satisfactory level, then under this provision the President or his designate would have the responsibility of re-evaluating existing programs for the regulation and control of imports to see that they meet the requirements of the new standards in the committee bill.

Mr. IKARD. In the case of petroleum, is it intended that if the pending committee bill becomes law that a new study and certification would be necessary?

Mr. MILLS. The answer is "No." I refer the gentleman specifically to the language on page 17, lines 15 to 17, which he offered in the committee to guarantee that the answer would be "No."

Mr. IKARD. Is it intended that when the imports of a natural resource are controlled under the provisions of the national security section of the committee bill, and with particular reference to petroleum, that such control should take into consideration the importation of products, derivatives, or residues of petroleum so that these products and derivatives could not be imported in a way that would circumvent the control of the imports of the basic natural resource?

Mr. MILLS. Yes. Clearly, when a decision is taken to restrict imports in the interest of national security, it is our intention that the decision be effective and not rendered ineffective by circumvention.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. IKARD. I yield.

Mr. SIMPSON of Pennsylvania. I thank the gentleman for yielding and ask him whether there is in the amendments proposed to be offered by the committee, or in the bill, any assurances whatever that there will be relief given to the extractive industries, petroleum, and the minerals, or does the matter continue to remain one for the discretion of the Chief Executive?

Mr. IKARD. I would say to the gentleman from Pennsylvania that in the few minutes I have remaining I will attempt to give my opinion of the differences between the committee bill and the so-called substitute.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. IKARD. I yield to the gentleman from Arkansas.

Mr. MILLS. Certainly the national security amendment in the committee bill is to be handled at the discretion of the President when certain situations exist and we are giving him standards for the first time that he must look to in making his decisions. I would say that the extractive industries have more assurance in this respect under the committee bill, in my opinion, than under the substitute bill. Would the gentleman from Texas, who is so interested in the subject, agree with me?

Mr. IKARD. Yes.

Mr. VURSELL. Mr. Chairman, will the gentleman yield?

Mr. IKARD. I yield.

Mr. VURSELL. I realize that considerable language has been written into the bill, the language of the bill that comes before us, and there is language to be written into the bill, and other moves have been made recently about holding back the importation of unfinished gasoline; is it the gentleman's thought that when we get through with this bill and the language is written into it that we understand is to be written into it, that it will go to the very heart of excess imports to the point where it will probably bring us back into a climate financially that will take care pretty well of the bad conditions of the producing oil industry at the present time? Will it be extremely helpful?

Mr. MILLS. We certainly hope that in the light of what we have done, that would be exactly the situation.

Mr. IKARD. I am sorry I cannot yield further; I have limited time. I do want to say that during the time this measure was considered by the Committee on Ways and Means many of the problems that have been discussed here were developed fully in the committee. As is well known here, I have had a series of amendments to this bill which I urged with all the vigor I possessed. I hoped for their adoption, and I believed in them. However, in the few minutes remaining of my time I shall try to bring into focus the real purpose of this debate here today.

There is no real question, as I understand, but what this House is unanimous in its opinion that we must have a trade policy; that is accepted. But one thing that we must decide here, and under the rules of the House and under the rules governing debate on this bill, the only question we can decide is what policy we shall have. Under the rule we cannot offer amendments. Those amendments were offered at the proper time, before the committee, and many of them the committee did not see fit to adopt. Mr. Chairman, the thing we have to do here is to decide one question, and that is whether we want, as a matter of basic policy for this country, the committee bill or the substitute bill.

As far as I am concerned, I intend to support the committee bill. I would like to give you at least two reasons. In the first place, it is said of the substitute that it returns power to Congress. I think I should not belabor that point here because it has been expertly de-

veloped by the chairman of our committee, by the gentleman from Louisiana [Mr. Boggs] and others. I feel that if you would read the report and read the substitute you would be impressed with the fact that it puts the Tariff Commission in a position where it is responsible to no person, to nobody. The Tariff Commission would be the decisive body in all questions of trade.

Mr. Chairman, I have not been happy with the administration of this program at times; I am sure that in the future I will not be happy again, but when I am unhappy I want to talk to some elected, responsible official, and not to some Government bureaucrat downtown who will exercise dictatorial powers over trade matter.

The second question that should be compelling is that the Attorney General of the United States, Mr. Rogers, has said, as was reflected in the President's letter which was read here today, that the provision of the committee bill as it is now drawn is constitutional. The President emphasized that the provision of the substitute bill is entirely unacceptable and, if enacted, would constitute a tragic blunder.

This matter in the substitute bill was never presented to the Committee on Ways and Means. The committee never had a chance to study it. The House is asked now to adopt a measure that was never acted on in committee and never adopted in the committee, and the Attorney General and the President of the United States say it would be a tragic blunder.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. MILLS. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. IKARD. Mr. Chairman, one more point, which deals with the national security amendment, one that is vital and important to those of us who are interested in natural resources and the extractive industries.

In the substitute bill, the policy section, which is the first part of it—read this in the bill—says that the only thing basically that must be considered in the regulation or control of the imports of natural resources that affect or might affect national security is the quantity of those imports. In the committee bill it says in the policy section that those who administer the program must look at the circumstances under which such imports are coming in as well as the quantities involved. Under that language we get the standards in the committee bill put into effect that would require those who administer the program to take into consideration the development, the growth, the necessary exploration, and all of that, of the domestic industry and also to consider imports in terms of their use, character, and so on as part of the national security section.

In view of that it seems that there can be little question about the matter. This is not a debate as to whether or not we will have a trade policy, if I may repeat; it is a debate as to whether we will have a trade policy as defined by the substitute bill or as defined by the committee bill.

Much has been said here about our position in the world today. We all realize, if we think about it, as much as we love our own country and as much as we are dedicated to it, that we simply have to have trade. We have to be and are a part of the economy of the free world. We are the dynamic portion of it; we are the very heart of the whole economy of every nation outside the Iron Curtain.

All of us are concerned daily about our alleged lag in the scientific field but, Mr. Chairman, in all our zeal to conquer space and to develop all of the programs that go with reaching into the outer world, we might end up, if we defeat this committee bill and adopt the substitute, where we will be in the position of possibly having reached the moon but, in the process, of having lost the free world.

(Mr. IKARD asked and was given permission to revise and extend his remarks.)

Mr. BURLESON. Mr. Chairman, my colleague, the gentleman from Texas [Mr. IKARD], member of the Ways and Means Committee, who has just addressed you, is to be commended for his untiring efforts over a period of many months to have inserted in this bill a mandatory provision limiting excessive foreign oil imports.

Many of us from oil producing areas who represent the majority of independent oil operators, have worked closely, not only in the period in which this measure was being prepared for presentation at this time, but months and even years before. As a matter of fact, as far back as 1949 I introduced legislation proposing to relate foreign oil imports to domestic production, and in subsequent years at intervals have introduced legislation to gear imports to domestic consumption.

As cited by my distinguished colleague who has just spoken, the Committee on Ways and Means has not seen fit to adopt a mandatory provision. We have been and continue to be extremely disappointed that the administration has not seen fit to invoke the authority to limit foreign oil imports provided for in section 7 of the law which has been in force since 1955.

Therefore, Mr. Chairman, we find ourselves in what I tell you in all candor, is a rather desperate situation. The rule under which this bill is being debated does not permit our offering amendments from this floor and, therefore, it appears we have just 1 of 3 slender choices. We either accept the committee bill with the amendment, which will shortly be offered by the distinguished chairman of the Ways and Means Committee, or we reject the committee bill and vote for the so-called Simpson substitute. The other choice, regardless of which of these measures may be adopted by the Committee of the Whole, is to support or reject a motion to recommit the bill. Then, of course, comes the final vote of accepting one or the other.

Mr. Chairman, on the surface the substitute bill has a very great attraction for those of us from oil producing areas. It appears on the surface it

might offer opportunity for greater relief than we can now expect from the committee bill and from the administration which will administer it.

On the other hand, Mr. Chairman, I doubt if anyone believes that the Simpson substitute will ever become the law. Even should the other Body accept it, can anyone seriously expect the President to approve it. It seems that it has been fairly well established that the Tariff Commission has indicated through each of its members that it is not equipped to administer the provisions of the substitute measure.

It also follows, Mr. Chairman, that there is no way to determine what the future makeup of the Tariff Commission may be. It reposes authority in a small body without appeal from their decision, should the Commission not be sympathetic to certain industries which are so greatly in need of relief at this very moment. It is also rather obvious that no immediate relief could possibly come from the substitute, assuming it ever became law, until after a long period of investigation and hearings.

Therefore, Mr. Chairman, it seems the choices are very limited and very narrow in this matter. Personally, I am not happy with these alternatives. Either falls far short of what I believe we have a right to expect. Depending on what the motion to recommit may contain, I reserve judgment to vote to recommit the bill to the committee, should it be a straight motion, in the hope that the committee in its judgment may see fit to grant relief to an industry which is only operating 8 days a month in Texas; an industry which is so vital to the overall economy of the United States, and certainly to its national defense.

Mr. WRIGHT. Mr. Chairman, I have been deeply interested in the remarks just made by my extremely able colleague, the gentleman from Texas [Mr. IKARD]. In my opinion he qualifies as an authority on this subject. Certainly he has devoted many long months of arduous effort to the search for a fair and equitable solution to the morass of complicated and interrelated problems which beset the extractive industries of this Nation. Throughout these long and sometimes frustrating labors, our colleague the gentleman from Texas [Mr. IKARD] has held foremost in his considerations the welfare and best interests of the United States as a whole and of the entire economy of this Nation.

Certainly, Mr. Chairman, the domestic petroleum industry in this Nation is facing problems of a grave and substantive nature. Particularly has the burden of these problems been felt by the independent explorers and producers. In our State they are restricted to only 8 days of drilling each month. The Members of this House may reflect upon the effect which would be felt by any industry permitted by law to engage in its business for only 8 days a month.

As a result of this restriction, exploration has declined. It is a matter of record that exploratory rigs have been shut down throughout our State, and exploration crews laid off. This pre-

sents a significant consideration from the standpoint of our national defense and security.

Surely there can be no doubt of the importance, indeed the indispensability, of sufficient petroleum reserves, not only for our immediate needs but for the future. We place ourselves in a vulnerable position, I fear, when we rely to an ever greater extent for our domestic needs upon imports from the Middle East and allow the development of our domestic supplies to constrict rather than expand. In 1955, 16 percent of the domestic market was being filled by imports of petroleum products. Today, it is near 22 percent of the domestic market. If this trend is allowed to continue unabated, I fear that a few more years would see many more of the independent developers driven from the industry, the further intensification of a monopolistic stranglehold by the relatively few big companies which do the bulk of the importing, a consequent increase in consumer prices which inevitably follow in the wake of monopolization, and a steady diminishing of domestic exploration and development.

I have been greatly interested in the colloquy between the gentleman from Texas [Mr. IKARD] and the distinguished chairman of the committee, the gentleman from Arkansas [Mr. MILLS]. It is clear that some definite guidelines need to be provided by the Congress to guide and direct the President in his determination of the point at which the national security has been adversely affected. Obviously, the heretofore prevailing policy of voluntary restrictions has not worked. Our question today is not whether to have a trade policy, but what kind of a trade policy to have. While it leaves many questions unresolved, the committee bill seems to offer the best choice available to us.

Without doubt, the national welfare demands some extension of the trade agreements authorization. We cannot, if we should wish, withdraw into a shell of economic isolation. Our Nation sells abroad some 70 percent more than we buy from abroad. We cannot continue to sell unless we continue to do some buying. This much is elemental.

While we might deplore the rule which gave the House no wider latitude in its individual choices, and while there undoubtedly are specific points in each of the proposals before us with which almost any Member would find some individual disagreement, it is my belief that the wisest course available to us under the circumstances is to adopt the committee amendments and the committee bill.

Mr. REED. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. BRAY].

Mr. BRAY. Mr. Chairman, the manner in which Congress handles this measure, the extension of the Reciprocal Trade Act, will have a material effect on the jobs for American working men for the next several years. Many of us have been attempting to correct some of the gross inequities that have become apparent in the operation of the Reciprocal Trade Act. Because of this we have been accused of being against

friendly trade relations with other countries. The actual truth is just opposite of this. I am strongly in favor of a policy that encourages trade—a trade policy fair to America as well as to other countries.

Our Constitution says that Congress shall fix the tariffs. Some years ago the Tariff Commission was created principally by those who believed in encouraging foreign trade. This Tariff Commission was created by Congress and delegated with it authority. As you know, that Commission is made up of experts who, in a scientific manner, determine what tariffs should be levied to encourage foreign trade, yet protect from ruin American industries that pay a greatly higher wage than their foreign competitors. I favor and always have favored such a Commission. My objection is to the manner in which the present reciprocal trade operates.

The Tariff Commission is prevented from its free operation that was intended at the time of its creation. When the Tariff Commission makes a finding, if that finding is for the protection of American industry, then the President can cancel the decision of the Commission. If the Tariff Commission is right, its decision should be allowed to stand; or if anyone is allowed to reverse the decision of the Commission, it certainly should be the Congress—for the levying of tariffs is a function of the Congress set out by the Constitution. However, I would be satisfied to allow neither the President nor Congress to upset the orders of the Tariff Commission.

In most instances where the Tariff Commission gives relief to American industry the President refuses to approve it. Proponents of the present reciprocal trade policy say the President overrules the decision of the Tariff Commission in order to help and assist certain countries. Trade is as old as civilization and should be mutually advantageous to each country. Otherwise a trade policy is unsound. Today, however, foreign trade in many instances has ceased to be a matter of mutual benefit but has become in many instances a method of assisting other countries to the detriment of American industry and American working men.

It is true that our country likes to have friends, but I doubt that an unsound trade policy to benefit any country will get us those friends. A striking example of this took place a few weeks ago when a mob attempted to murder the Vice President of the United States and his wife in Venezuela. The United States last year purchased almost a billion dollars of products from Venezuela. In fact, there is only one country from which we imported more than we did from Venezuela. Our imports from Venezuela are primarily fuel oil and residual oil which, as we know, has an adverse effect on our American oil and coal industries. Without commenting further on this unfortunate incident in Venezuela, it points up the fact that large imports from countries do not gain us their friendship.

Many industries in the Seventh District are suffering because of our trade

policies and many men are out of work. But if this committee measure extending reciprocal trade policies for 5 years becomes law, Seventh District industries will suffer far more than they are suffering at the present time.

While there many instances I could name but because of limited time I want to give you just one specific example. In 1948, there were about 16,000 boxes of window glass imported from other countries into the United States. In 1950, that number had increased to more than one-half million boxes. In 1951, it had risen to 1½ million boxes. The imports stayed generally at that amount until 1955 when they exceeded 3½ million boxes. In 1957, the imports had increased to almost 5 million boxes.

There is a company in Vincennes making window glass that is one of the most efficiently run factories of its kind. It enjoys fine labor relations, and the men are well paid—several times as much as similar workers in foreign countries. Today, window glass from Japan, Germany, Belgium, and various other countries can be purchased in Vincennes for less than the cost of production there. Normally, this factory produces 70 boxes per man per day. Today, production has been cut down to 40 boxes per man. The men are now rotating work on about a one-half schedule.

This industry has not even as yet appealed to the Tariff Commission, but conditions have become so bad that this will apparently become necessary in the very near future. Even if the Tariff Commission does give this industry relief, the chances are 9 to 1, based on the percentage of denials that has been prevailing for some years, that the President will deny this relief. If this proposed legislation is passed the President can even lower tariffs 25 percent below present levels.

There are those who state that the defeat of this extension or the substitute of the Simpson measure will bring disaster to our foreign trade. I would like to point out that neither the defeat of this trade extension nor the substitute of the Simpson bill would change any existing trade agreement or raise a single tariff. It would, however, curtail the President's authority in the lowering of the tariff to the extent of 25 percent and it would limit his authority to overrule the Tariff Commission's decision that is made in favor of an American industry.

Since World War II the United States has given billions of dollars to rebuild industries in Europe and other places in the world, and to create new industries and equip them with the most modern machines and equipment. The American taxpayer paid for these. Today, those factories employ men for one-third to one-tenth of the wages which similar workers in America are paid, and they are flooding American markets to an increasing degree. Certainly, we want these countries to sell goods to America and to purchase our goods, but after we have constructed modern factories in these foreign countries and since they are paying their laborers only a fraction of the wages which we pay ours, it does not take an accountant to see that unqualified competition with American in-

dustry is hardly equitable and this method will wreck our industries unless we give them protection.

Another factor is giving American labor great concern. Many American corporations are now constructing factories abroad, using that cheap labor, importing their products to America and laying off American workingmen. This is happening in scores of instances. I do not intend to criticize American manufacturers for doing this, but I do want to criticize our Government for doing nothing to protect our American workingmen.

I want to briefly mention industries in the Seventh District that are suffering or will suffer soon unless Congress takes some action to protect American labor and business. Aside from the sheet-glass business in Vincennes, which I mentioned, there are two other plants that cut and process glass in Vincennes and one in Bloomington. All of these will be injured to an increasing degree unless something is done.

There is a plant in Loogootee that manufactures excellent doors. Today doors from Germany of similar quality and made by workmen who are paid approximately a quarter of the salary of workmen in Loogootee, are shipped into Indiana at less than the cost of making them in Loogootee. If the President is given authority to lower tariffs still further, as is requested by this measure, these Hoosier workmen may be out of a job.

A similar situation exists in the veneer industry in Johnson County. Various hospital and medical equipment, such as latex catheters, are made in a small plant at Sullivan. They are now receiving strong competition from cheap foreign labor. The manufacture of rubber raincoats and other rubber clothing made in Washington, Ind., is being threatened by foreign competition. Import competition is being felt in our electrical machinery, appliances, and equipment fields. Various component parts of radio and television manufacturing which employs thousands in the Seventh District, are being imported into the United States to an increasing degree. Fabricated iron products are being imported at an accelerated rate. We are importing from Italy in increasing amounts a tile which competes with clay pipe made in Clay County. Structural tile will soon feel the effect of foreign competition. Today many tens of thousands of miners, because of importation of fuel oil and residual oil from South America, are out of work in many States.

I could go on and name industry after industry that is either suffering now or will suffer if we grant authority to lower tariffs 25 percent. I merely want to point out the pitfalls for American labor that lie along the road if we renew the Trade Agreements Act for 5 years, giving the President the right to lower tariffs an additional amount up to 25 percent and denying American labor and industry the remedies necessary to stay in business.

In our free enterprise society we have always accepted competition; competition within our own country and competition from abroad. We know that

competition brings new ideas and is a spur to creativity. But we have also learned that certain conditions must exist to make competition truly free and fair.

American workers have fought long and hard to achieve the high standards they enjoy. Unqualified competition between their products and those of poorly-paid foreign workers is hardly fair.

American industry, through technological advances, has met increasing challenges of production, and has also carried a heavy burden of taxation. The foreign firms with which it must compete often have more favorable tax situations, frequently have received American assistance and always have lower labor costs. American industry is rarely at a disadvantage due to any lack of genius or resourcefulness.

I regret that this legislation is brought before this body in a closed rule; that prohibits amendments. The only manner in which we can change this bill is to either defend it or support the Simpson substitute.

So I am going to vote for the Simpson measure as a substitute for this 5-year extension. The Simpson substitute would ease these inequities that are injuring American labor and industry. I deeply believe that our efforts to cure the evils of this measure will benefit foreign trade far more than those who want to take that bill as written.

This is not a political matter. This and the previous administrations have taken exactly the same attitude of lowering tariffs without providing adequate protection to American labor and business. Several American industries such as watchmaking and textile manufacture are becoming nonexistent because of cheap foreign labor. The textile industry in the United States alone has lost 350,000 employees since World War II. If we allow our industries to be destroyed we then are at the mercy of our foreign suppliers. Such action does not in the end benefit our foreign competitors, for they become increasingly dependent on their important exports. This situation is the responsibility of Congress and we cannot dodge that responsibility by passing the buck to the President.

The issue is not whether we want a reciprocal trade policy. Certainly we do, but I for one believe that that word "reciprocal" should be used in its true meaning.

(Mr. BRAY asked and was given permission to revise and extend his remarks.)

Mr. REED. Mr. Chairman, I yield such time as he may desire to the gentleman from Wyoming [Mr. THOMSON].

Mr. THOMSON of Wyoming. Mr. Chairman, I rise in opposition to H. R. 12591 as reported by the Committee on Ways and Means, and to urge that the Committee adopt the substitute proposal as embodied in H. R. 12676, to be offered by the gentleman from Pennsylvania [Mr. SIMPSON]. I am sure that practically every Member of the House who believes that revision of the Trade Agreements Act is necessary, including the principal sponsors, would change in some respects the provisions of H. R.

12676 if such was entirely up to them. In the form that it is to be presented, though, it is a reasonable bill and should, in my opinion, be supported. On the first day of the 85th Congress, I introduced a similar bill, and am one of the cosponsors of this legislation.

I think we should first and foremost keep in mind that we are legislating the trade policies of the United States. We cannot ignore the effect upon American workingmen, producers, and industry. In the world in which we live today, the effect of our trade policies upon our foreign relations is an important consideration. In my viewpoint, these interests are not diametrically opposed but are in fact in common if we look at the situation from the long-range viewpoint. If the free world is to remain free and is to prosper, America must remain strong and our standard of living must be maintained and constantly improved. Through a sound trade policy, we can do this and at the same time expand our foreign trade and improve the standard of living among our friends in the free world. Our objective must be to help the rest of the free world to help itself, and not to lower our standard of living by flooding our markets with cheap-labor-produced foreign imports, with constant loss of jobs and loss of domestic production.

The economic strength of the United States has been in our widely disseminated wealth and purchasing power moving in a relatively free economy, to create a mass market, expanding national wealth and a constantly higher standard of living. This has been characterized by high wages. Primarily because of our war efforts and foreign aid, we are now confronted with an enormous national debt and high taxes. To me, it simply boils down to this: We have taxed our American citizens or put them in debt to provide foreign economic aid, to build factories, and to teach our technological know-how abroad. We have given favored tax treatment to American investors to encourage them to build factories abroad. We have virtually eliminated any protection to American markets. The effect is to provide the means for foreign producers, including Americans, to exploit cheap foreign labor and lower foreign taxes to put American producers out of business and American workers out of work. This is a vicious circle. Continued indefinitely, it can lead only to total economic collapse. Our American economy, though, is still strong. If we act now, we can correct this situation without harming or taking anything away from friendly foreign nations. As a matter of fact, they can be permitted continually expanding markets in this country. That is what the substitute legislation proposes to do. It is legislation to foster expanding trade on a sound basis.

There is no intention to cut off foreign trade, as some people would attempt to distort the objective. The purpose is merely to place our foreign trade policy on a sound basis and in proper perspective. The chief difference in the proposals is that the substitute would return some control over deci-

sions to the Congress, where it rightfully belongs. We are in fact voting as to whether or not we will assume our constitutional duties.

With this control vested absolutely in the Executive, we have seen the State Department's viewpoint entirely dominate the decisions. This has been true under both Democrat and Republican administrations. It has resulted in one industry after another being denied the relief contemplated by the law.

In our area, we first saw our wool production drop by more than 50 percent in the 10 years immediately following World War II. Most recently, we have been faced with an impossible situation as to domestic oil production. Every responsible investigation has found that adequate domestic production is essential to our security; that imports should not exceed the 1954 ratio; and that the security is endangered by reason of excessive foreign imports. Nevertheless, imports have been permitted to rise far above that. This has had a serious impact upon the domestic coal industry.

With improved meat prices, the livestock industry finds itself threatened with an alarming increase in imports. Domestic mineral production in the general area is seriously threatened. As I listen to my colleagues and hear from their constituents, I am appreciative of the fact that similar situations in other industries prevail throughout the country. When the textile industries are destroyed, we know that we are destroying our only markets for American-produced raw material. Every indication is that under present procedures, either no action or inadequate action will be taken with regard to these situations and newly developing problems.

This has spread like a cancerous growth. Unless reasonable action is taken, more and more workers and producers will be affected. If we do not adopt the reasonable proposals of this substitute legislation, I am very much concerned that the pendulum will swing entirely too far the other way. Also, as time goes by, we will find ourselves in a position that is much more difficult to adjust on a reasonable basis.

On a narrower base, a very similar situation to that which confronts us now developed with regard to sugar in the early thirties. The proposed substitute in principle is much like the Sugar Act. This has operated well for the consumer, for the foreign supplier and, with one exception, for the domestic producer. In effect, by the substitute we are saying to the foreign supplier that we will only restrict the American market when there is threat of serious injury or serious injury to the American economy. Even then, we will allow you a constantly increasing market in this country, as our consumption increases.

Mr. Chairman, I am convinced that if Congress shares the responsibility for changing any of the recommendations of the Tariff Commission, as proposed by this substitute, then all factors important to the strength of America and of the free world will be given proper consideration. I think foreign producers, and particularly American foreign pro-

ducers, that are fighting this are shortsighted, and if they are successful will ultimately be the ones hurt the worst. You cannot destroy your customers without destroying your business.

I am satisfied that the Congress can be counted upon to recognize and meet our responsibilities to the free world. But at the same time, the jobs of American workers and American production will be given proper consideration. I urge the adoption of the substitute.

(Mr. THOMSON of Wyoming asked and was given permission to revise and extend his remarks.)

Mr. REED. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from South Dakota [Mr. BERRY].

(Mr. BERRY asked and was given permission to revise and extend his remarks.)

Mr. BERRY. Mr. Chairman, much has been said on the floor during the past few days of the fact that agriculture is in favor of the committee bill.

Mr. Chairman, there have been reports in the press that the Nation's farmers are lined up behind the executive's foreign trade proposals. In view of the Department of Agriculture's latest survey of our imports of livestock, meat and meat products, I am skeptical about these reports.

American cattle producers in 1957 watched their exports rise a slim 4 percent while competitive imports jumped a significant 36 percent.

The Department of Agriculture notes that our imports of cattle last year were the highest since 1952, and our imports of beef more than doubled 1956 levels.

Some of the figures in the Department's report was especially noteworthy. For example, our imports of live animals in 1956 were valued at \$15.7 million. In 1957, this soared to \$71.6 million. Our imports of lamb and mutton were valued at \$324,000 in 1956 and \$835,000 in 1957. Our imports of beef and veal were valued at \$29.3 million in 1956 and \$59.3 million last year.

In 1955 we imported less than 20 million pounds of boneless beef; in 1957, this climbed to almost 90 million pounds. In 1956 we imported 159,359 cattle; and 727,843 in 1957. We imported 3,158 sheep in 1956, and 17,832 in 1957.

Mr. Chairman, the Department of Agriculture's report also indicates that our trading partners, who shed tears profusely at the slightest hint of a change in our trade policies, know a good thing when they see it. Here are a few illuminating figures.

In 1956, Paraguay sent us 1,276,000 pounds of beef and veal; in 1957 this went up to 5,782,000 pounds. Uruguay shipped us 3,730,000 pounds in 1956, and 11,479,000 pounds in 1957. New Zealand sent us 4,215,000 pounds in 1956, and 50 million pounds in 1957. Canada sent us 11,926,000 pounds in 1956, and over 47 million pounds in 1957. Mexico shipped us 6½ million pounds in 1956 and almost 13 million pounds in 1957.

New Zealand shipped us 408,000 pounds of mutton and lamb in 1956, and more than 1.6 million pounds in 1957. Australia's shipments rose from 921,000 pounds in 1956 to 1.4 million pounds in 1957. Canada's shipments climbed from

19,000 pounds in 1956 to 463,000 pounds in 1957.

Our imports of canned and preserved assorted meats show similar gains. Argentina's shipments to this country totaled 4,164,000 pounds in 1956 and over 13 million pounds in 1957. Mexico's shipments increased from 43,000 pounds in 1956 to 170,000 pounds in 1957. Denmark's shipments gained from 402,000 pounds in 1956 to 699,000 pounds.

Mr. Chairman, the Department of Agriculture's study clearly shows that the trend is well established, and that trend is toward greater and greater imports. The list of damaged industries already is a long one; it is certain to grow longer if we extend our present unwise, unreasonable, and unfair trade law.

In addition, Mr. Chairman, to the livestock and meat imports, I want to also call attention to another industry that has been so seriously damaged by imports, and that is the wool industry. Approximately only one-third of the wool that is used in the United States is raised in the United States; the balance of it is imported.

I have made the statement so many times, and I am confident that it cannot be successfully refuted, that if American agriculture were permitted by tariff protection to produce the wool that is used in domestic woolen trade, there would be no farm problem; that if the thousands of acres which are now producing surplus crops were diverted into the production of sufficient wool to supply domestic demands, it would completely solve the surplus farm problem.

Mr. MILLS. Mr. Chairman, I yield such time as he may desire to the gentleman from South Dakota [Mr. McGOVERN].

(Mr. McGOVERN asked and was given permission to revise and extend his remarks.)

[Mr. McGOVERN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. MILLS. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. VANIK].

(Mr. VANIK asked and was given permission to revise and extend his remarks.)

Mr. VANIK. Mr. Chairman, I want to take this opportunity of declaring my support for the Reciprocal Trade Agreements Act as provided in H. R. 12591 with no amendments.

I want to emphasize with no amendments because I hope that the Ways and Means Committee will not make concessions possible under the rule which permits the consideration of only those amendments recommended by committee.

In every community throughout the Nation and in every district there are strong pressures against this legislation. I fear the outcome. The failure of this legislation would drive friendly nations into the economic orbit of our enemies. Trade is the pathway to military and diplomatic relationships, which are essential to world stability and peace. If this pathway becomes overgrown with tariff and trade barriers, new roads will

be established to new and more far-sighted trading areas.

Like every Member of this House, I have many industries adversely affected by the impact of foreign competition. Almost 1,100 of my constituents, principally in the wood screw and spring steel industries, have been told by their employers that their lay-offs and reduced work week are the result of foreign competition in these items. Of five Cleveland area wood screw manufacturers who complain about imports, 3 are also exporters. In checking through the record, I found that the largest employer—while complaining about foreign competition in one phase of its production—failed to tell its employees that over 50 percent of its production was for export. Another of the complaining employers failed to tell its laid-off employees that some of their joblessness resulted from foreign competition—generated from transfer of production to three of its own subsidiary plants in foreign lands.

Many industries engaged in foreign trade and beneficiaries of reciprocal trade agreements find themselves in an untenable position of advocating reciprocal trade for the items they successfully produce for export and tariff protection for those items in which they cannot successfully compete.

Unfortunately the Department of Commerce is not in a position to render help in ascertaining the current effect of the reciprocal trade program. The figures used in its foreign trade impact studies are based on 1956 reports, and fail to provide any clue of recent effects, particularly during the current recession. Nor do these figures indicate the nature and item volume of foreign trade impact on export by industry or company. Therefore, the collection of these statistics by the Department of Commerce after they cease to be vital is service to the historian rather than to the legislator.

Notwithstanding the obvious failure of the Department of Commerce to provide full and complete information my support of this legislation is based upon my profound belief that America cannot and must not further alienate itself in this shrinking world. The integrity and common purpose of the Western Hemisphere is being assailed by the distorted administration of our trade policies. This was made evident in the recent South American fiasco. Our long and esteemed friendship with Canada—is only continued through the patient tolerance of the Canadian people. Current American trade policies toward Canada restrict mineral imports to the United States and are bringing this fine and valuable relationship to the breaking point.

The development of the St. Lawrence seaway is expected to bring large-scale world commerce to the doorstep of mid-west America. Every Great Lakes city is planning and building docks, warehouses, and new port facilities to accommodate this new trade. Recession-distressed communities pray for dynamic new production stimulated by new and greater trade. It is naive for

our producers and our citizens to expect that this trade can be a one-way street. Without the agreements that make and stimulate trade, the development of the St. Lawrence would result in a bad dream. If this bill is not enacted into law—the acclaimed St. Lawrence seaway might as well be filled in as a concrete highway to the sea.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from South Carolina [Mr. HEMPHILL].

(Mr. HEMPHILL asked and was given permission to revise and extend his remarks.)

Mr. HEMPHILL. Mr. Chairman, first I want to thank the chairman of the committee for this time.

Mr. Chairman, today I went down to my home to vote. As many of you know, I live in what is known as a textile district. And, as I came back on the plane looking down at those beautiful cities I am proud to represent, I wondered how many more silent smokestacks there would be against the sky in the days to come because, Mr. Chairman, the Congress in the past has sacrificed a part of the textile industry. It has sacrificed the jobs of American people. It has sacrificed the jobs of people, some of whose relatives have made the supreme sacrifice for this country. And if that be American, I am not for it. I speak not only for the textile industry and those people whom I am proud to represent, but I speak for labor and capital all over this America, because what we are doing, Mr. Chairman, is selling the working man of this Nation down the river. We are depriving him of jobs. We are taking the capital of this Nation and instead of giving it to the people of this Nation, we are giving it to foreign countries, because capital cannot afford to invest here because it cannot get the price, good wages and reasonable profit make necessary.

Mr. Chairman, although I represent a textile area, I want to talk later about something other than textiles. I hold in my hand here two caps, one of which is American-made and which sells in New York for \$4.50 per dozen to the jobber and another of which is Japanese-made and sells in New York for \$1.50 a dozen to the jobber. Think just a minute of the American workers who are dependent upon this and think of the Japanese workers who get 30 cents an hour. Think if the Japanese have contributed anything to this country and think what the workers of this country have contributed in taxes, in blood and sweat and tears and in citizenship. That is just one item.

Here is another item. I do not know where these binoculars were made, except I know one pair was made in Japan and the other was made in these United States by American workers. The one made in Japan can come in for \$45.65 and the one made in the United States costs \$92.50.

Mr. Chairman, it appears that we have done something here in the committee for the oil people, and I am not against that. Let us do something for the American people. Let us do something for the textile people whose mills

are closing. Let us do something for the veneer people. Let us do something for other American people instead of for the people in foreign lands. No, I am not against the people of foreign lands, I am just for the American people first, last, and always.

Let me give you one other illustration, Mr. Chairman. Here are two baseball mitts, one of which sells for \$4.94 to the retailer, and was made in a foreign country. The other sells for \$18.40, made in America by the very American workman who sent somebody here to this Congress to represent him, by the same American worker who is paying the taxes that pay your salary and mine; by the same American worker who is looking to you and to me as Members of this Congress for some sort of protection and some sort of intelligent relief from unemployment. You can say all you want to about what this bill may do, but you have 5 million unemployed now and tomorrow you are going to have recession, depression, and more of the same if you continue this iniquitous policy.

How can you give relief? You can give relief by voting for the 2-year bill. Frankly, Mr. Chairman, we need the leverage of 2 years, because if we wait 5 years, this country may be gone so far as our trade is concerned.

Do we think for one minute that those people who went to Rome to form the European free market, met in Rome for other than their own purposes? Do you think for 1 minute that they are going to come to this country and say, "We want you to sell to us"? No, the very purpose of that organization is to bind themselves together for the purpose of trading among themselves. And yet I saw in this report today a justification, so-called, for this committee bill, on the basis of a European free market.

Trade lines and bread lines—is this the American policy today?

Think of the millions of people, in every affected industry, dependent upon jobs—jobs to produce textiles—jobs to produce veneer—jobs to produce coal—jobs to produce automobiles. Think of the widows and orphans dependent upon investment in American production. Think of the buying power of the Americans destroyed already by iniquitous reciprocal trade policies.

From the majority report of the Ways and Means Committee of the United States House of Representatives, and from the flood of propaganda which has come into my office trying to bolster up reciprocal trade, or seek our votes for the Reciprocal Trade Act of 1958, I cannot but conclude that the hue and cry is and will be that we are doing our Nation a great favor by authorizing a 5-year extension, and retaining in the hands of the Chief Executive tremendous powers of discretion as to the findings of the Tariff Commission. I do not question the sincerity of a part of that material, or the sincerity of the debate here on the floor of the House of Representatives today, but it occurs to me somewhere along the line, we are missing, or avoiding, the real question which this legislation proposes.

We may talk all we wish about saving the Nation, or helping the Nation, and claim that this legislation, if enacted, should have the patriotic support of not only the Members of Congress, but of the country as a whole. Despite this plea, we cannot escape the fact, that if we are saving the Nation, and many, many thinking men will refute that, in the process we are sacrificing the livelihoods and economic welfare of so many of our people.

There is also an element of statism involved, which is wrong in principle, and not in keeping with the constitutional purposes, and high ideals, of such great documents as the Constitution of the United States of America and the Declaration of Independence.

Are we going to sacrifice the citizen's well-being for the proposed, but not proven well-being of the Nation? Is the citizen, his work, his standard of living, to be put on the altar of international expediency? You and I are charged with helping our people, not hurting them, and I stand here today to raise my voice in protest against extension of the Reciprocal Trade Act, and the iniquitous manner in which reciprocal trade has been butchered and misused by the leaders of this country.

Not long ago, I visited the part of my district where the textile plant was only running 3 days a week. We could trace that cutback directly to Japanese textiles and other foreign textile imports. I knew most of the people there, and most of them are good friends of mine. I am their Representative. I know their problem, and take pride in their friendship.

One of my good friends began to tell me about their trouble. Some years ago, after working about 20 years in a textile plant, he finally was able to buy his home. He made a down payment at a great sacrifice, and since that time has had to make monthly payments. He has been paying income taxes for 20 years. He has been a good citizen of his community, and a pillar in his church. He is getting to the age where he knows no other skill than that of textile employment.

He asked me what this Nation was doing to him, and what he could expect the Nation to do for him. Because of the financial strain he was under, in working only 3 days a week, instead of the normal 5 or 5½, he was behind in the payments on his home. He had had to give up his automobile. He was behind in payments on his life insurance. His family was having difficulty in getting enough food to eat and enough clothing to wear. He asked why his Nation would treat him this way? Where could he move to? His home, in a textile community sorely depressed, would not have a high market value. What else could he do?

We are trustees for that citizen and taxpayer, and others like him. We must preserve jobs, not destroy them. We must help, not hurt, this industry. The same reasoning applies to other industries.

The above is just one example of American citizens being "sold down the

river" by this international idea of reciprocal trade. What responsibility has this Government, and what responsibility has this Nation, to these the people who have worked for years, not only to make the Nation great, but to keep it free? What can I tell a man, whose son gave his life in World War II in support of his country? What can I tell his wife, as she looks at me with questioning eyes and asks me what kind of people are here in this Congress that they would be so blind to the needs of this segment of American citizenship? Perhaps you think the textile industry is expendable. I tell you that if we have one ounce of patriotism, and any sense of responsibility to these our people whom we represent, and these the people who are American citizens, we owe to them the dedication to a principle that no segment of American industry is expendable, and none of our people should be neglected.

I speak of the textile people as I am closer to them than any other part of American industry. I know how hard they have worked. I know how proud and free they are, and what great Americans they have been and are today. I grieve for them. Reciprocal trade is their nemesis, and this administration has hands stained with guilt, guilty of being unable to protect its people, and to protect its taxpayers.

I would like to know who knows more about the conditions from which they suffer than the textile people themselves. Shall we say that some expert here knows more than these textile people, these people who have spent their lives in this work, and can see the pattern of things present, and the difficulties on the horizon?

I quote here from an article from Newsy Notes, published monthly by the Rock Hill Printing & Finishing Co. from the May 1958 issue:

WASHINGTON OFFICIALS ARE WARNED UNITED STATES TEXTILE INDUSTRY FACES RUIN

If high government officials in Washington, D. C., are intent upon policies which are slowly strangling the American textile industry, it is not because they have received no warning. On the contrary, they have received strong protests from some of the wisest and ablest leaders of the industry.

The editors of America's Textile Reporter, have been privileged to see copies of letters written by Leon Lowenstein, chairman of the board of M. Lowenstein & Sons, Inc., to members of the cabinet on this subject, and have received permission to publish excerpts from this correspondence.

On March 3, 1958, Mr. Lowenstein addressed the following communication to the Honorable Robert B. Anderson, Secretary of the Treasury:

"I want to thank you for your letter of February 21, together with the enclosures. I read the text which you enclosed being interested in the effect of foreign trade on our textile industry. I was particularly interested in the statement made by Mr. Baird, which you enclosed.

"It would serve no purpose for me to recite the various arguments for protection for American industry. I am sure the present hearings in Washington will develop all of the fine points. However, I do want to comment on two phases:

"One, how much of our increased foreign trade has resulted from our giveaway pro-

grams which deal only nominally with matters of trade. I feel that these gifts, as worthy as they are, hardly represent trade as such.

"SOUND ECONOMY NEEDED"

"I am mindful of the need for sound economies in the countries of our friends abroad, but unless the American economy remains sound, our foreign friends will have nothing to help them."

"Mr. Baird lists a number of domestic industries that furnished employment resulting from export shipments. I noted that in each of these areas the matters exported represented articles which were needed in the foreign countries and which were not produced there. In short, these countries were interested in American products because they had to have them and, if it was not a matter of buying American products they would have had to buy them elsewhere and, more likely at a higher price."

"This is a far cry from our policy of conceding to the other countries a portion of the American market in areas where our own production is in excess of our own needs."

"Finally, I would like to point out that the American textile industry should not be the one to bear the cost of our foreign political policy. Our international political policy is a cost of the entire Nation and, its costs should be borne by the Nation rather than by one industry alone."

"In the past many industries have felt that the matter of foreign production would not come home to plague their particular industry. Of late, more and more of these people are beginning to realize that the leak in the boat is a danger to all of the passengers, not only to those in the section where the leak occurs."

"Our administration must be conscious of the need of more proper protective tariffs and quotas. This is rapidly becoming a prime economic issue, and before the next election will become the No. 1 political issue."

On March 6, 1958, in a letter to the Honorable Henry Kearns, Assistant Secretary of Commerce for International Affairs, Mr. Lowenstein said:

"There is no one who wants to keep out of war more than I. Furthermore, there is no one whom you have ever met who is more in favor of holding our partners in the West; but sometimes one gives away and by giving badly you lose a partner."

"In behalf of this great country of ours, I feel we should stay strong, but we are not going to stay strong if we have a recession or depression brought about by unemployment and I am going to stick to this statement. The policy of this Department, in my book, has created unemployment by allowing soft goods, or hard goods, or whatever you want to call it to be imported into this country manufactured at slave-labor rates. An excerpt from your article reads as follows:

"He accused the industry of blaming all of its ills on import competition. He charged the industry could not prove that its troubles all stemmed from imports."

EXHIBIT A

"Now, I told you that I had evidence and you have this verified. I am sending you a tee shirt which was made in Japan. I don't know whether you wear glasses or not, but I had to read that lettering on the shirt, which reads, 'Imports from Japan,' with a magnifying glass. I have marked this tee shirt exhibit A."

"I also enclose an ad from a national catalog. Here, I have marked the sheet exhibit B. They are selling this shirt 3 for \$1. You have men in the Department of Commerce who can check these figures."

"I understand that it cost a first-class manufacturer in this country to put out a garment like this tee shirt 42 cents a gar-

ment or \$5.04 a dozen. They would be selling this garment to a retailer in this country at \$5.50 a dozen which would give the manufacturer about 9 percent profit. Here again, you can check my figures."

"Now, let us look at the retailer. It costs him 46 cents a garment. Let us say that the garment sells at 59 cents retail, or a profit of 22 percent. Try to get any manufacturer or retailer to meet these figures."

"Now, bear in mind that the Japanese T-shirt is selling at 33½ cents apiece, or 3 for \$1, and the American-made garment at 59 cents apiece. The Japanese garment sells for 25½ cents less. The American-made T-shirt is 77 percent higher priced than the Japanese article."

"The American manufacturer cannot make these goods at the prices at which the consumer can buy them when produced in foreign countries; in this case, Japan."

"I am going to ask you if any member of your family went into a store and saw a garment such as exhibit A, at 33½ cents, and then saw another garment on the next counter of the same quality, etc., for 59 cents, don't you think that person would be confused? I believe many people walk out of the store and don't buy anything because of their confusion."

"I ask you and others in Washington: Do you think the soft-goods industry is complaining unjustly? Have they the proper right to complain as citizens of the United States? I am going to ask you another question. What is happening to the textile industry, or, as a matter of fact, any other industry in this country?"

"It won't be long before the same that is happening to the textile industry will occur in other industries."

(This article was reprinted from America's Textile Reporter.)

People from almost every county in my district are employed in the Rock Hill Printing & Finishing Co. plant at Rock Hill, S. C. It is a fine plant. It offers employment to thousands of people, thousands of wonderful, patriotic Americans.

Can we forget for 1 minute that, after all, the producer is the consumer? These textile people that are suffering so are not only the producers of textiles, but they are also consumers. They are consumers for washing machines, automobiles, food, fiber, and a thousand and one things that American people are supposed to enjoy. When we cut back on their production, we cut back their ability to be consumers. We take from them their purchasing power. Previously, we have taken from them their taxes, and they have paid taxes in the faith that this Nation respects them as taxpayers, and will not sell them down the river."

I quote from a letter from a manager of another plant in my district:

We in the textile business are suffering. Mostly because of the manner in which the Trade Agreements Act is being administered. Textiles is by far the most important enterprise in your State. More people depend on it for a living than any other single thing in our State."

Please, I beg of you, do all that is in your power to help us when this opportunity presents itself in June. We must not perish. We are depending on you."

Make no mistake about the fact that these textile people know where the fault lies. They know the Trade Agreements Act is responsible for their difficulty.

I am not just talking about the textile industry in the South. I know what has been done to the textile industry up in the East. I quote:

[From the Daily News Record]

HOOSAC CLOSING AT NEW BEDFORD TO AFFECT 800

NEW BEDFORD, MASS.—Management of Hoosac Mills Corp. announced last night that the New Bedford plant would close in the near future. Eight hundred employees will be affected. The company manufactures fine combed cotton goods and colored warp goods.

"This decision has been reached after a thorough examination of all factors involved," a company statement said. "Present orders will be run out and the assets liquidated."

The company's North Adams division, which manufactures rayon and acetate goods, will continue operations.

[From the Daily News Record]

PEPPERELL CUTS 60-70 EMPLOYEES AT LEWISTON, MAINE

LEWISTON, MAINE.—Pepperell Manufacturing Co., here, is laying off between 60 and 70 workers for an indefinite period of time because of poor market conditions and the division's high inventory. The division will still have a working force of about 400.

The reduction will eliminate a small second shift in the sheet factory and might result in the elimination of a third shift in the finishing plant.

There has been no third shift in the sheet plant, according to Joseph E. Castonguay, general plant manager at the Lewiston division, who also said the bulk of the layoff is in the sheet plant.

Also let me quote from an editorial which was in the Nashville [Tenn.] Banner some time ago:

TEXTILE INDUSTRY IMPERILED BY IMPORTS, SAYS NEWSPAPER

America's textile industry—not just the South's, but the Nation's—is imperiled by increasing inroads of Japanese cotton products. Unless its just complaint is heeded by Congress, it faces disaster.

To state that fact, and condemn a policy so detrimental to basic American interest—as it applies particularly to this field—is not to disavow the Reciprocal Trade Agreement Act. The Banner has upheld the latter and urged its extension as a practical formula for expanding mutually beneficial world trade.

As originally conceived by the late Cordell Hull, who fathered the program, the reciprocal agreement was reciprocal. Under it a foreign nation would sell to us what they had in abundance, and which we needed, and take their pay in commodities that we had in overabundance, and which they needed. Briefly and simply that is its basic theory.

What of Japanese textiles, however? Japan takes United States cotton (which she needs) at a cutrate price, and ships back cotton goods which the United States does not need; products manufactured at wage rates approximately a tenth of those in the United States plants. The cotton is acquired for 7 cents per pound less than American manufacturers have to pay for it. In the American plants, wages, hours of work, minimum age standards, and the cotton prices are all regulated by the Government—and finally, the United States industry is asked to permit this unfair competition.

There are over a thousand cotton mills in the United States, all of them sharply competitive, and they can note proudly that there are no lawsuits pending for antitrust agreements.

The fact is that these Japanese inroads, subsidized by this formidable drain on United States resources—and a basic difference of production costs—are putting the American industry out of business.

No one is suggesting the crippling of Japanese industry. She is free to find her markets where she can. But an ounce of good economic sense would emphasize that first consideration of America, policy wise, is the American interest. That isn't selfishness; it's the natural objection of any industry or people to getting its throat cut.

The United States textile industry does not fear fair competition. It has thrived on that, making millions of jobs. Very properly it opposes unfair competition, created artificially, and subsidized by millions of the tax dollars it has helped supply.

You can talk about all the high-minded theories you want to, but I am mindful of the unemployment which exists in this land today. The automobile industry is sick, and it will be sicker before the drastic effects of this day's legislation has been curtailed and abolished by some farseeing and right-thinking Americans in the future. Organized labor will not heed the reflections in the mirror of time, for if it did, it would be fighting the Trade Agreements Act of 1958 with all its powers.

How can we compete with labor paid only 30 cents an hour? If we are going to allow these imports to come in to compete with us, why do we not demand that the labor in those countries be paid the same as the labor in this country? Who pays the income taxes to this country on the labor it performs? Our people.

Foreign labor does not pay any taxes to these United States, has not sent any sons to do battle for her, and has neither high regard nor any appreciation for our higher purposes of freedom.

I mentioned the automobile industry because that is one of the industries that is in the doldrums now because of reciprocal trade and everyone knows the situation can get worse.

On my desk and in my files are letters from many others affected by this iniquitous trade policy.

The plywood industry is suffering, and suffering badly.

I would like to quote from a letter from one of my constituents. I have previously quoted from this letter before the Ways and Means Committee:

Eight years ago when I went into this business, imports of plywood were a negligible source of trouble and accounted for less than 10 percent of the plywood used in the United States. Today, if you will note by this letter, 46 percent of the plywood used in the United States is imported. We have lost customer after customer on account of price from imports. It is impossible for us, or any other plywood manufacturer, to meet this competition with the prices we have to pay for labor.

One of my constituents is employed by the International Silver Co. of Meriden, Conn. I quote from his letter:

It is the question of the import of Japanese stainless flatware, which has taken a heavy toll on the domestic production of not only stainless steel flatware, but also sterling and silverplate.

My company, which is the largest in the industry, was forced to cut their sales force about 25 percent the first of this year. I feel very fortunate in still having a job with them, but if the Japanese situation remains

as serious as it is now, there will perhaps be more cuts in the future.

It is my understanding that the Tariff Commission has recommended some relief in increased duty, but this increase will not alter the situation, because of the great difference in price of the American product, and the Japanese product, due to their 22 cents-an-hour wage advantage. The silverware industry has meant a great deal to this country in the form of excise taxes for a number of years.

In the last few years we have had to move into my State a fine woolen plant at Johnsonville, S. C. May I quote from the letter of the president of that company to me about reciprocal trade:

According to our Constitution, Congress should control trade-tariff policy, and I am against an extension for any length of time unless Congress regains its constitutional authority.

From the inception of the Trade Agreements Act it has not achieved the purposes it was intended to accomplish. Among other things, it has not accomplished world peace or the general economic welfare of our country. In fact, the Trade Agreements Act has contributed to the 50 percent contraction of the wool textile industry since 1946, which in turn has meant loss of jobs and financial insecurity for many of our people.

Our Government has encouraged imports of goods made by low-wage labor by reducing the tariffs to such a low point that it is practically impossible to meet this competition because of our high wage scales.

It seems that we would learn something from the lessons that the British have learned. I quote from the New York Times of Sunday, January 5, 1958:

IMPORTS DISMAY BRITISH MILLS TOO—AR-RIVALS OF COTTON GOODS TOPPED EXPORTS FOR FIRST TIME IN JUNE 1957—DIFFICULT ISSUE POSED—COMMONWEALTH RULES BAR TRADE CURBS—EUROPEAN PLAN AROUSES CONCERN

LONDON, January 4.—Britain's cotton textile industry is worried. This is nothing new, for the position of the industry has been deteriorating steadily. But several new factors have deepened the apprehension.

The immediate source of worry is the rapid increase in imports of cotton cloth. A textile manufacturer noted last week that these imports had exceeded cotton cloth exports for the first time in 200 years.

As it turned out, this excess was recorded in only 2 months last year, June and October. Figures for the first 11 months of 1957 show that exports at 419 million square yards exceeded imports by 35 million square yards.

In the first quarter of 1957, imports of cotton cloth passed the 100 million square-yard mark for the first time.

MUCH IS REEXPORTED

This does not mean that the cotton industry as a whole spent more on imports than it earned on exports. Most of the cloth that poured in from India, Pakistan, Hong Kong, Japan, and of late, from Communist China, was unfinished. After it was finished it was exported at a profit.

The industry's 11 months' exports of nearly \$229,171,600 in cotton yarns and woven fabrics were slightly higher than in the same period of 1956, but well below the \$252,663,600 of the 1955 period.

Imports jumped from \$66,393,600 in the 1956 period to nearly \$86,189,600 last year.

The chief sufferers from the flood of imports are the spinners and weavers, and a number have been forced to close their mills. They are constantly importuning the Government to restrict imports. But the Government is unwilling to tamper with the system of commonwealth preferences which permits commonwealth members such as

India, Pakistan, and Hong Kong to send cotton cloth here duty free.

The industry has sent missions to these three to persuade them to restrict their exports to Britain voluntarily. But these missions have failed.

The merchants and finishers dependent on foreign markets would prefer to use British cloth, but they could not compete successfully in the markets of Asia and Africa if they did not have supplies of cheaper cloth.

India, Pakistan, Japan, and the other countries can sell their cloth more cheaply than Britain because their wages and other costs are considerably lower. In some cases Government support keeps the price of raw cotton low.

The Lancashire manufacturers charge that the prices of Communist Chinese imports are political and unrelated to the actual cost of production. This would be in keeping with the announced Communist intention of waging economic warfare against the West.

The industry also is worried because the nations producing cheaply and competing with it more and more successfully in world markets for finished goods and making inroads in the British market.

It is also concerned about the possible effects of Britain's accession to a European free-trade area. This would throw the home market open to more serious continental competition. The industry is trying to persuade the Government to make sure that such competition is based on fair prices, that it is not subsidized, and that continental competitors do not have access to raw cotton from their colonies at prices below what Britain pays.

I have used all these illustrations to try to emphasize the seriousness of the situation. I have not used a great many more letters of the plywood people, letters from the tuna fish people, and letters from those industries in various areas whose people are suffering because of the manner in which the reciprocal-trade program has been administered.

Which are you most interested in—American industry or some foreign industry? That is the question here, and you cannot escape the responsibility by any high-sounding phrases or any one-world ideas. It is the American people to whom you owe the obligation of protection, and while I may be called a protectionist for saying this, if we of this Congress do not protect these people, who will? Shall we depend upon our enemies of other wars to do anything for us? I have not seen that they have done anything, except take our money, and hate our souls. They are jealous of our freedom. They are jealous of our economic well-being, and they would like to supplant us in what is known as the free world with anybody else so long as we are made weak. Give many of them a chance to kick us, stab us, or otherwise hurt us, and get by with it and they hurry to the task. We all know that is true, and I have no apology for my strong language, for this is a time where we need not only strong language, but strong men with strong determination.

Attempting to justify this legislation, on page 9 of the committee report, on H. R. 12591, we find the following language:

If the United States is to continue to lead the free nation to a more secure peace and a better world, it cannot afford to take economic measures in disregard of its own

interest and of the interest of nations associated with it.

Are we leading today, or are we following? Despite reciprocal trade over the past few years, we have a recession. Despite the vast sums we have given away, or thrown away, we are in trouble all over the world. Instead of leading, we jump every time Russia lashes her whip.

I think we are led by the nose by a group of internationalists, who want to see us undermined in order to make us a second-rate power. Everybody in the world is prospering today, except the United States. I received just the other day a letter from a friend in Paris, telling of the prosperity everywhere there. He is a taxpayer, and he writes: "No more United States dollars thrown away over here."

Our trade agreements fall in the same category. Actually, we are the laughing stock of the world because of these agreements and our general giveaway program.

The justification, on page 16 of the report says:

1. To promote the national welfare.

The national welfare clause has been abused many times before this fair day. Let us realize that those countries who buy from us, only buy from us because they cannot manufacture themselves. They buy from us because it is advantageous to them to buy from us. They do not purchase from us for the purpose of giving us an advantage, or helping us. Perhaps in some instances they do, but in those instances, they purchase from us with the money we give them.

Who are we trying to fool with this fallacious philosophy that other countries buy from us to help us. True, they buy our cotton—but they buy it cheaper than our own mills, use cheap or slave labor, then send it back to haunt us. If they really want to help, why not buy the cotton at our mill prices, and enter into agreements to pay living wages such as are paid in United States. Then we could see them having their own people rich enough to buy American textiles, American cars, washing machines, and the like, and keep our people working. Perhaps they could appreciate our philosophy, and seek to bring their people up to the high standard of living we insist upon for our people, rather than have them continually abusing our friendship to undermine American industry and American workmen.

I am particularly aware of the supposed justification on the basis of the interest of the trade agreements program and the interest of labor. A few minutes ago I said something about organized labor, and now I want to say something about all labor. All labor, all the organized and unorganized, is suffering because of that reciprocal trade program and the administration of it. To be sure we need to keep our people employed, but it is not working that way at least in many of the industries of these United States. With the facts before us, how can we rely on pretty phrases to justify our own depletion. I note from the report on page 20:

Critical segments of their economies are dependent on trade with the United States.

What about the critical segments of our economy? Again we come back to the vital issue, which is the most important, these United States, or foreign countries? Whose people need our every effort most? Our own people, of course. The course we are pursuing is not sound—the very ship of state as approaching shoal water.

On page 21 of the report we are told that at the moment the United States is experiencing a business downturn and that this appears to be temporary. This reasoning goes on to say that the Congress is considering measures to foster a speedy and sound recovery. If Congress today could suspend reciprocal trade legislation altogether until we have a valued and realistic reexamination of the departure from the original ideas of Cordell Hull, this country would be benefited more than by any act this Congress can pass, or promote at this or any future session.

Such trade agreements as we now have in effect would continue. If it is necessary to have a trade agreements act of 1959, we have time to consider. If the recession gets worse, and well it may, we can test what effect the agreements already in force are having on that recession, or the possibility of a recovery from it. If business gets better, then we can examine that up-turn in the light of the fact that we do not have damaging and depleting trade agreements.

Too often in this Congress we have hastened into legislation because of Soviet economic threats, or some other Soviet threat. Are we a Nation moved only by fear or are we to be dedicated to reason?

What about the European common market? No one here can truthfully say that it was created to be of any benefit to the United States. Yet, its creation is used as a basis for justifying this legislation. I know and you know that the people of that agreement at Rome would trade among themselves preferable to trading with the United States. That is just commonsense. They hope we will suck in and make some fool agreement in which they can dump goods into these United States, put American workmen out of employment, cripple segments of our industry, and render us incapable of being self-supporting.

We should think of the self-supporting feature of these considerations. As we sacrifice one segment of our economy after another, one industry after another, do we not make ourselves more vulnerable to attack, less able to supply, from within our shores, the needs of our own people? Is that good and sound defense judgment? Should we not always be able to produce enough food and enough fiber for our own people? Should we not have enough technicians, enough skilled and highly skilled workers, to be available for defense production at a moment's notice?

Why do I say this? I take again from the report, from the able statement of the Honorable FRANK IKARD, a member of the committee:

The domestic petroleum industry in the light of the record surrounding the enactment of the national defense amendment set about to place before the Office of Defense Mobilization the facts and figures which proved conclusively that our national security was being threatened by excessive oil imports. Some 2 years later, during which time oil imports had risen steadily, the President agreed with the findings of his Special Committee To Investigate Crude Oil Imports, which Committee concluded:

"If we are to have enough oil to meet our national security needs, there must be a limitation on imports that will insure a proper balance between imports and domestic production."

Adoption of the defense amendment (sec. 7 of the Trade Agreements Extension Act of 1955) carried with it assurances from the Executive department that all imports would be held to the 1954 ratio, in line with the President's Fuels Committee recommendations. Despite these assurances, oil imports, both crude and products, have increased continuously in relation to domestic production since 1954, at which time such imports amounted to 16.6 percent of domestic production.

Congressman IKARD quotes from the report of the President's Special Committee To Investigate Crude Oil Imports made up of six members of the President's Cabinet:

If we are to have enough oil to meet our national security needs, there must be a limitation on imports that will insure a proper balance between imports and domestic production.

We notice that Mr. Dulles and others here use the word "limitation." Some of us believe in quotas, but you can call them limitations if you like that language better. The fact that the President's Committee will recognize the necessity of limitations or quotas as to one industry reflects the soundness of thinking of those who think that quotas should be imposed to protect any industry seriously affected, and I speak particularly of our textile industry and our plywood industry.

The minority views of the committee are significant. They criticize the bill for falling short of the two main objectives, and state, first, it will not arm the United States in the war against Soviet economic aggression, and second, does not meet the challenge of the European common market. It also goes on to say that this bill offers no solace and no real assistance to those victims of tariff cuts who have been denied relief even when Government agencies have found that their injuries merited remedial tariff or quota action.

One committee member characterized as meaningless the changes in an escape clause procedure. I subscribe to that statement. The present legislation is meaningless insofar as giving any relief to those industries which have been adversely affected by the reciprocal trade program.

It was never intended that trade policy direction should be removed from the Congress of the United States. The creation of the Tariff Commission was to effect an Administrative Board which could carry out the purposes and intent of the Congress. The placing of the veto power or the large discretion in the

Chief Executive was a grave mistake. It is being abused by the Executive, and the findings of the Tariff Commission in so many instances have been ignored.

My only purpose in being for the Simpson bill is in the hope of getting some relief. I do not believe this is the complete answer. I know it is better than the administration bill, as any bill would be better than that of the proposed legislation.

Not long ago one of the lobbyists for the Department of Commerce slipped into my office to hand me what was known as a Foreign Trade Impact Study on the State of South Carolina. I do not know how much it costs our Government to get up this propaganda. I do know that it was unnecessary, and that it is inaccurate. I wish those people who wrote that report could come and go down with me and talk to the textile people who are being hurt. I wish they would face up to the facts that these are American citizens, more important to me, and I hope to most of the Members of this Congress, than any other people of the world. I wish the Department of Commerce, the Department of State and the other bureaus up town would rededicate themselves to the American people. I call upon them to do that today.

The CHAIRMAN. The time of the gentleman from South Carolina [Mr. HEMPHILL] has expired.

Mr. REED. Mr. Chairman, I yield 3 minutes to the gentleman from Connecticut [Mr. MAY].

(Mr. MAY asked and was given permission to revise and extend his remarks.)

Mr. MAY. Mr. Chairman, the Congress of the United States stands today upon the threshold of a fateful decision. Incumbent upon the Members of this great legislative body is the duty to decide the issue before us in the interests of the Nation as a whole as well as in the interests of their individual constituencies. Extension of the Reciprocal Trade Agreements Act is indeed controversial. The opinions range from the extreme free traders to those who would protect every item of American production; from those who would place the regulation of trade agreements under complete international domination to those who would bury their head in the sand and retreat to the supposed safety of a "fortress America".

The solution to the basic problem is answered by neither of the extremes—the solution is a difficult one never satisfactory to all—it is a solution that must be based upon commonsense. The distinguished Members of the Ways and Means Committee have held extensive public hearings on this issue—they have done so upon the request of the President of the United States who has indicated his deep interest in extension of the Reciprocal Trade Agreements Act.

Personally, I have studied at great length the effect of the act upon our foreign policy, upon our national domestic economic interests and specifically the impact of the foreign trade engendered under this act upon the first congressional district of Connecticut.

I therefore rise in support of the committee administration bill, H. R. 12951, and I state I cannot vote for passage of the alternative Simpson-Dorn-Davis-Bailey bill, H. R. 12676.

Mr. Chairman, the committee report describes thoroughly the details of this most important legislation and I shall not deal specifically detail by detail with the bill. I prefer rather to discuss several of the most important aspects of strength inherent in the committee bill and then I propose to state my beliefs in the greatest measure of sincerity on why the Simpson-Dorn-Davis-Bailey bill should not become the law of the land.

In considering the question of extension of the Reciprocal Trade Agreements Act, three very basic problems are involved:

1. We must maintain our position as the leading trading Nation in the world. To do so is vital to our domestic economy—it's vital to our position as leader of the free world—it is vital to considerations of foreign policy and waging peace. Let me stress again—it is of the utmost importance to our economic life both domestic and foreign that we maintain our position.

Secondly, as Members of Congress, it is our responsibility to recognize that a most important and inescapable factor in the establishment of a sound foreign trade policy is the creation of a healthy psychological climate. Foreign nations must have reasonable assurances of continuity in our trade policies. To retreat at this time into a shell of protectionism would destroy a favorable trade climate that we have spent years to create.

In the third place, we must afford effective means of protection to domestic industry that can definitely establish injury which is due to unfair foreign competition. Our domestic industries, no matter how small, should not be needlessly sacrificed upon the altar of free trade. There is no question in my mind but that relief has not been given by present and past administrations under certain circumstances when it was obviously required. I have in my own district, several types of industry which require urgent consideration—the carpet industry—represented by Bigelow-Sanford in Thompsonville, the clock and watch industry in Bristol and the screw industry in Hartford County. These industries are in a position to demonstrate legitimate grief caused by foreign wage scales that cannot possibly be met by domestic competition.

Mr. Chairman, in my estimation, the committee administration bill, H. R. 12951 can accomplish these three major objectives more successfully than the Simpson-Dorn-Davis-Bailey bill, H. R. 12676.

There are three major arguments that the opponents of the reciprocal trade agreements program have concentrated their efforts upon so far. First, from a practical point of view, they insist that relief has not been forthcoming when the fact finding of the tariff commission has indicated that such relief is necessary. They attribute lack of understanding of their problems to both the

Truman and Eisenhower administrations. Secondly, they claim that the Congress has abdicated its constitutional responsibilities of control on matters of tariff policy.

In the third place, they strongly indicate that the reciprocal trade agreements act is not truly reciprocal—that foreign nations have not responded in a reciprocal manner by the lowering of their tariffs in response to our own gestures.

The committee administration bill deals decisively with the first of these arguments in that it improves the escape clause and peril point procedures and places in the hands of the Congress a realistic review of the latitude so necessarily designated to the President of the United States.

When the President has failed to act in accord with what are felt to be legitimate indications of injury, direct recourse to the Congress of the United States is provided.

The proponents of the Simpson-Dorn-Davis-Bailey bill assert that this is not an effective review—this assertion is absurd to say the least for they are negating in their arguments one of the thoroughly approved methods of constitutional review of executive decisions, and I quote from the committee report:

3. The escape-clause procedure is retained and will be applicable to new as well as old concessions, with the following modifications in the procedure:

(a) Escape-clause proceedings are to be speeded up by the requirement that investigations and reports are to be completed by the Tariff Commission in 6 months instead of in 9 months as provided in present law.

(b) The Tariff Commission is given explicit subpoena powers in order to acquire necessary information relevant to its trade agreement responsibilities.

(c) The increased authority to raise rates may be used where appropriate for relief in escape-clause cases, making possible a rate as much as 50 percent above the 1934 rate.

(d) Duty-free items which have been bound in trade agreements may, in escape-clause cases, be made subject to duties up to 50 percent ad valorem.

(e) New language is added to the escape-clause provision to make explicit the eligibility of organizations or groups of employees to file application for an escape-clause investigation.

(f) When the President disapproves in whole or in part a Tariff Commission recommendation in an escape-clause case, the committee bill provides that effect shall be given to any part of the recommendations which has not been made effective, if there is approved, within 60 days of the submission of the report of the President's disapproving action, a concurrent resolution by a two-thirds vote of both Houses of the Congress. Any such resolution would be privileged in order to expedite congressional consideration.

4. The new tariff-reduction authority remains subject to the peril-point procedure, which is amended as follows:

(a) An escape-clause investigation is to be instituted automatically whenever the Tariff Commission finds in a peril-point report that an increase in duty over existing levels is required to avoid serious injury.

(b) The Tariff Commission is given increased time, 6 months instead of 120 days, in which to complete peril-point investigations and reports.

In response to their second argument, I can only say that the Congress has made a proper delegation of specific powers which it has surrounded with appropriate standards for action.

In the realization that trade agreements are important to considerations of foreign policy, the Congress has given to the President certain latitude to coordinate matters of foreign trade with other important factors with which he must deal in a sound and fully responsible approach to foreign affairs.

In the third place, negotiations of trade agreements have been truly successful—have been indeed successful in a manner which is truly reciprocal.

Over the years, the United States has obtained tariff concessions from foreign countries under the Reciprocal Trade Agreements Act. In virtually all cases the United States exports to these countries have increased considerably.

I cite for example the fact that 43 countries are now involved in trade agreements with the United States arising from the act. All of them have made substantial concessions to the United States in return for concessions made in their favor by the United States.

These 43 nations represent 80 percent of the American foreign-trade dollar. In 1957 they represented \$14,895,600,000 of exports which in turn represented 79.1 percent of our total export trade of \$18,828,200,000. At the same time, they represented \$10,332,400,000 or 79.6 percent of \$12,978,100,000 of imports.

As you can see, here alone is represented a very favorable trade balance. As the Secretary of Commerce has so aptly pointed out, our exports alone represent 6 percent of our gross national product. I might point out that only 10 of these 43 nations export a larger dollar volume of products to the United States than we export to them. All of these 10 nations represent substantial raw material trade which is so vital to the productive process of this Nation's industry. They are nations basically not in competition with us in the area of manufactured products.

I reiterate, that to imply that reciprocity has not been truly a part of the world trade picture is manifestly absurd and can be only considered as diversionary propaganda tactics on the part of extreme protectionists.

Mr. Chairman, months of intense lobbying activity on the part of the forces of extreme protectionism is now culminated in direct influence upon the solution proposed by the minority members of the Ways and Means Committee. For these gentlemen, I have the highest regard and I can certainly understand their intense and well intentioned desire to provide proper protection for those who are truly at the mercy of unfair foreign competition, the basis of which is a wage structure not at all comparable to wages paid in similar industries in the United States.

It would seem logical to afford this protection through a sound and well-considered amendment to the existing Trade Agreements Act. This the majority of the committee advocate. The minority members now place before you H. R. 12676 which they proclaim to be an alter-

native method of extending the Reciprocal Trade Agreements Act. It is no such thing.

The Simpson-Dorn-Davis-Bailey bill as designed would be the beginning of a return to the era of high tariffs that would eventually lead to a disastrous decrease in the volume of our foreign markets.

One very objectionable feature of the Simpson bill is that it places every tariff situation too easily within the reach of 435 Members of Congress. Each of these Members represent different types of industry, agriculture and services as well as widely differing regional interests. To me it means quite obvious that some of our more politically inspired Members might tend to trade votes on tariff legislation for votes involving local projects completely different in nature.

Mr. Chairman, I emphatically submit that no legislation passed by the Congress should create so wide a latitude for pork-barrel legislation. Should each tariff situation that arises in the course of a year's time require congressional attention, an unconscionable amount of time would be required from the Members of Congress to the detriment of their duties in other important fields.

Section 2 of the Simpson bill, H. R. 12676, purports to extend the period during which the President is authorized to engage in the negotiation of trade agreements. The restrictions placed upon the President in this section are so severe—he is permitted so little latitude—that he is relegated to the position of an ineffective figurehead, in whom the responsible officials of no foreign nation could have complete confidence.

Section 3 of the Simpson bill purports to give the Chief Executive the same authority as to limitations on increases in tariffs to the same maximum level as does the committee bill. On a commodity-by-commodity basis with consideration for price increase over the period since 1934, this amendment would allow for practically unlimited increases which to all intensive purposes would completely destroy the reciprocal trade agreements program as an effective instrument of a national trade policy. This section amounts to protectionism in an extreme form.

Section 4 of the Simpson bill sets forth procedures for initiating negotiations and peril-point determinations. This section calls for the Tariff Commission to be the sole determinate of the list of items upon which the President is permitted to negotiate. Unrealistic time limitations are placed upon the President during which he can negotiate on the prescribed items.

The Tariff Commission would be required to request from each foreign country specific information particularly as to cost to production. It is extremely doubtful in many cases that this would be easily obtainable. The workload placed upon the Tariff Commission would indeed be severe, the possibility of attainment of their objective indeed in doubt. This section is restrictive legislation where well-considered permissive legislation could better perform the desired task.

The fact that this section alone could eliminate important negotiable items simply because of lack of information is intolerable weakness.

Section 6 of the Simpson bill would create a tariff philosophy based upon the desirability of returning the quota system as an instrument of United States foreign trade policy. Discrimination among the products produced for world consumption by friendly countries could immediately arise under the quota system. I am strongly opposed to legislation that would set one friendly foreign country against another in competition for United States quota favoritism.

Section 7 of the bill deals with escape clause recommendations. It is in the domain of this clause that the greatest harm to our reciprocal trade program would come. The President would no longer have any discretion whatsoever realistically speaking. Findings of the Tariff Commission would be virtually final. Broad and vital questions of foreign policy would be relegated to the ash heap. Action by the Congress of a constructive nature could very well be in doubt.

I wish to make only one comment concerning the national security provisions under section 8. The procedures prescribed for the Director of the Office of Defense Mobilization are so cumbersome that his ability to protect national security interests would be gravely incumbered. The committee bill is far more realistic in dealing with the essential matters of national security.

Mr. Chairman, I do not intend to delve into the effects of the Simpson bill on agriculture at this time, although there are objectionable characteristics in this portion of the bill, also. Although it claims to be an extension of the reciprocal trade program, the Simpson bill would achieve no other end than to return our national trade policy to the era of the Smoot-Hawley Tariff Act.

One of the greatest contributing factors to the severity of the 1929 depression in this country was our retreat from world markets under Smoot-Hawley. In 1930, the Congress enacted the Smoot-Hawley tariff. At this time, American industry and agriculture were given the highest levels of protection in the history of the Nation.

Thirty-three foreign nations immediately launched official protests to our Government. These protests fell on deaf ears. Tariff retaliation took wide effect throughout the world. It is most interesting to note that world trade fell from \$68 billion to \$26 billion by 1932. At the same time, the United States participation declined \$9.6 billion in 1929 to \$2.9 billion in 1932.

The Soviet dictators from Lenin to Khrushchev have issued a challenge that they would trim us economically in the free markets of the world. Nothing could be more in the interest of the Soviet desire for world domination than for us to beat a hasty retreat from our predominant position in international commerce.

To revive the protective philosophy to the extent the Simpson bill would revive it, would, in my opinion, be sheer folly.

(Mr. QUIE asked and was given permission to extend his remarks at this point.)

[Mr. QUIE'S remarks will appear hereafter in the Appendix.]

Mr. REED. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. UTT].

Mr. UTT. Mr. Chairman, how many American jobs will be exported this year? No one knows exactly, but we can rest assured that the figure will be staggering because thousands of American jobs have already shipped out and gone abroad. Every time an employee in this country loses his job because of the effects of unrestricted, cut-rate imports from abroad it creates a job in a foreign country. This means that one less American is employed and one more foreigner is employed. The net result is that we have exported a job.

A lot of people forget, or try to make our citizens forget, that foreign trade is a two-way proposition. Just as in other forms of competition there is a winner and a loser.

I would like to discuss the losers—the American workers who have watched their jobs travel abroad and stay there. This is the story of Americans who have learned the hard way that every time a foreign product outsells a United States product in the American market our workers' grip on their jobs is weakened.

Fair competition is one of the principles that have made America great. We enjoy a good contest—in the prize ring, on the ball diamond, in politics, or at the county fair. The spirit of "may the better man win" has contributed mightily to the strength of our Nation. But the important thing about American competition is that it must be on the up and up. No one cheers for the boxer with a horseshoe in his glove. Americans insist that fair play is the basic ingredient of all competition.

This is just as true in the business world as anywhere else. Our code of fair play, translated into laws, prevents companies from cutting wages to a few cents an hour in order to sell their product more cheaply, from forming monopolies, or from trying other shady tactics to get an unfair advantage over their rivals. Companies in the rest of the world do not have this code of fair play regulating them. They are formed into cartels for the purpose of manipulating wages, profits, production, exports and other economic factors to give themselves an unfair advantage.

Despite this basically unfair alignment, the American brand of competition has paid off in a big way. We enjoy the highest standard of living in the world. Our consumers get the most value for their money, and our workers get the highest wages for their work—when they are working. Fair competition has contributed immeasurably to the growth of American democracy.

But unfair competition has managed to get a foothold in the economy of the United States. It is the job-stealing competition of foreign companies selling the products of cut-rate labor in unlimited quantities to our consumers

for our dollars. And when a two-dollar-an-hour job depends on how well the worker competes with thirty-cents-an-hour labor that is not what Americans call fair competition.

The result of this unfair competition is, of course, that hundreds of thousands of our jobs have been exported to foreign lands. In just 1 year, between December 1956 and December 1957, at least 550,000 workers in this country lost jobs in only 8 industries. These industries produce electrical machinery, food products, general machinery, primary metals, sawmill products, scientific instruments, stone, clay, and glass products, and textiles. Every one of these industries is competing—some on a large scale, and some to a lesser extent—with cheap-labor foreign products.

To make this unfortunate fact more graphic let me cite just a few figures illustrating how unfair foreign competition destroys American factories and jobs. In the past 2 years, plywood plants in Vermont, Maine, Wisconsin, Michigan, North Carolina and South Carolina have been forced to close down by soaring imports; plywood imports now supply 52 percent of the domestic market—an increase of 734 percent in 6 years.

Employment in the watch industry of the United States slumped from 10,349 in 1948 to 3,798 in 1957; imports of jeweled watches now supply nearly 80 percent of our market.

In 1956, imports of stainless-steel flatware displaced nearly 40 percent of the American production and cost American workers 3 million man-hours on the job.

The domestic fleet of long-range, tuna-fishing boats has shrunk from 210 to 153 since 1951; imports of tuna rose 600 percent in 7 years.

The number of companies in the United States manufacturing cigarette lighters dwindled from 60 in 1951 to 12 in 1955; industry spokesmen attributed this attrition to the flood of unrestricted imports.

Some people say that it's just "coincidence" that the sale of foreign cars in this country doubled in 1957 and that Detroit became one of the regions hardest hit by the 1958 business slump. But is it a coincidence? Every day in 1957, more than 700 foreign cars were sold in the United States; daily sales in 1958 are expected to reach 1,000 units.

The United States—the so-called automobile capital of the world—now imports more cars than it exports. In fact, imports may be twice as large as exports in 1958.

The auto workers of Detroit, lined up to collect their unemployment relief checks, are not alone in their plight. A great many other industrial groups scattered across the Nation are also feeling the import pinch.

Large industries or small—it does not make any difference when the flood of imports begins. It has been estimated that as many as 10 million Americans hold jobs in industries facing cut-rate foreign labor competition. Of course, not all of the 10 million are in serious

trouble yet, but a great many—too many—are.

The harmful effects of this unfair competition show up in many ways other than jobs lost. When a community's paychecks begin vanishing it hurts the grocer, the doctor, the tailor, the bus driver, the hospital fund, the bank, and even the school board and the government because tax revenues are undermined, too.

Here is what it costs a community when 100 jobs are permanently lost: \$360,000 in annual retail sales; \$270,000 in bank deposits; 107 automobile registrations; 112 households; 74 jobs in other enterprises; and 4 retail establishments.

This is every community's stake in foreign trade.

Just how unfair is foreign competition? Here are some comparative wages. For every dollar that an American earns the British worker gets 29 cents, the French worker gets 26 cents, and the Japanese worker gets 10½ cents. It is not particularly surprising, then, that Japanese binoculars can be sold in this country for one-quarter the price of the American-made product—even after being shipped halfway around the world.

It has been argued that these wage differences are justified because foreign laborers are less productive than Americans. The argument runs that foreign nations do not have our labor-saving machinery or our extensive technological know-how; thus wages here and abroad are proportional to the amount of work done.

This may have been true some time in the past—but times are changing. For example, between 1950 and 1955, the output per man-hour in Austria, France, Italy, the Netherlands, and West Germany increased twice as much as it did in America. Our foreign competitors are catching up with us—and they are catching up fast. Largely due to American aid programs other countries have installed modern machinery and learned modern methods. Mass production is no longer an American monopoly.

The frightening fact is that, no matter how you approach this problem, it turns out to be unfair competition. With unemployment in the United States already above 5 million, and threatening to go even higher, something must be done.

If reciprocal trade were truly reciprocal the situation might be different. But it is not. Other nations severely restrict the amount of goods that can be purchased from the United States. While reasonable tariffs do not impede the flow of trade, all other trading nations of the world, with very few exceptions, have import restrictions which stop goods entirely from being brought into the country or which ration the quantities of imports. Some nations issue a license for all imports; naturally, this gives them absolute control over import levels. Others establish quotas on imports, and still others restrict imports by a complicated juggling of their monetary exchange rates. Some countries use two or more restrictions to-

gether to provide them with an iron-fisted method of import control.

Most countries apply their import restrictions according to purely domestic considerations—mainly to protect or build up domestic industries and preserve their foreign exchange. For instance, both England and France have imposed rigid import controls on watches to preserve their own watch industries. In the United States, on the other hand, foreign watches of all kinds have taken over about 60 percent of the market, and jeweled watches about 80 percent. As I have mentioned, this cost America almost 7,000 jobs.

And Switzerland, which, of course, urges us to practice "free trade" on watches, recently increased its import duty rate on nylon stockings by an exorbitant 300 percent to protect its own industry against American imports.

An American chemical firm reports that Italy's "over-all policy is to manufacture nominal quantities of inferior grade products competitive with ours, and then have a prohibitive import duty to protect home industries."

Practically every nation outside the United States discourages or prohibits imports that compete with a domestic industry. Yet these same countries express righteous indignation at the slightest United States tariff rate. And many well-meaning Americans who do not know the facts will echo them.

Any increase in American exports is not due to decreased tariff rates. Rather it is directly traceable to the effects of World War II and to the fact that we have given away billions of dollars in foreign aid. There is one big exception. Lowered tariff rates have increased the export of American jobs.

During the past 20 years many of us here in Washington have recognized the damage being done by tariff cuts. But we have not been able to do much about it—even though the Constitution of the United States says that tariffs should be regulated by Congress. Congress abdicated most of its real influence over tariffs in 1934.

That is why, as things now stand, there is little chance of American workers getting help from their Government when their jobs are threatened. And until we in Congress regain the power to regulate our tariffs they will not work in the way that they should to equalize foreign wage rates and encourage improvement of living standards throughout the world.

That is why we must approve the substitute bill introduced by the gentleman from Pennsylvania.

Mr. MILLS. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia [Mr. MITCHELL].

(Mr. MITCHELL asked and was given permission to revise and extend his remarks.)

Mr. MITCHELL. Mr. Chairman, I believe in liberal trade. We all know that trade is essential to the establishment of a sound economy for our friends abroad. We all know that trade is essential to maintaining a sound economy here at home. But the key to a continuation of an expanded trade program is not the passage of the administration-commit-

tee bill, the Simpson substitute, nor the enactment of any trade-agreement legislation whatever. The key to continuing our liberal foreign trade is a prosperous America. Our consumers and our industries must have the power to purchase. It is for this reason, along with many others, that I will support the Simpson substitute, which, although not perfect, does in my opinion more realistically face this important problem than does H. R. 12591.

On the floor of the House yesterday and today, and in the tons of literature which we have received about this legislation, those of us who favor the substitute have been characterized as favoring high tariff walls, as being isolationists, as desiring to return us to the days of Smoot-Hawley, and as being protectionists. I do not favor high tariffs, and the Simpson substitute will not erect high tariff walls. I am no isolationist, and there is nothing isolationist about the substitute. I do not favor a return to Smoot-Hawley, and in enacting the substitute into law, we will have continued liberal trade. But as for the label protectionist, I must confess the charge is true. I firmly believe it to be my duty and the duty of every Member of this distinguished body to support legislation which will protect the jobs of hundreds of thousands of American workers.

The real objection which many of us have to the present Trade Agreements Act is not within the act itself, but is in the way and manner that has been administered. If our trade program, which we all now know is part and parcel of our foreign-aid program, if our trade-agreement program had been administered in a fair and equitable manner over the past several years, we would not be engaged in this sharp controversy today. The administrators of this program have labeled many of our basic industries expendable. They have adopted a policy which says plainly and simply that the economy of our friends abroad is more vital to maintaining a free world than the survival of many of our domestic industries. The economy of these nations is vitally important. But we must be realistic and realize that the health of their economy depends directly upon the health of our own economy, and, Mr. Chairman, to administer this program in such a way that it will do great harm to many segments of our own economy is unthinkable.

The Congress, though charged by the Constitution with the responsibility of administering this program, does not do so. We have delegated that authority. We cannot by enacting into law either the administration-committee bill or the substitute, change our established foreign-trade policy. But we will when we vote on these measures have an opportunity to do something of great benefit, and that is to restore to the Tariff Commission the power to determine when and if our domestic industry is subject to unfair competition. This change will not affect our trade one iota. And most certainly it will not cause a collapse of our trade as is prophesied by the State Department. This step will not only restore, in part, the authority vested in the Congress by the people

through the Constitution, but it will restore in the millions of working men and woman of this country the confidence that their Congress, in both domestic and foreign affairs, is going to act with good commonsense.

Mr. Chairman, the issue before us is extremely important. If H. R. 12591 is adopted as reported it will continue the present ruinous trade policy, essentially as it is today, for 5 more years. Yet, for several years many of our basic industries, including the great textile industry, have pointed out that an ever-increasing volume of imports from low-wage countries has seriously injured them. They contend that the Trade Agreements Act, pursuant to which our foreign trade is regulated, is being administered in such a manner that it permits an unfairly large volume of cheaply produced goods to enter our local markets. The textile industry maintains that it cannot compete in price with these foreign products and it is asking Congress, whose responsibility for the regulation of foreign trade is explicitly defined in the Constitution, to enact legislation which would relieve it from unfair competition with cheaply produced foreign goods. Just recently one of the large textile firms in my district was forced to close its doors and add its many longtime employees to the almost 5 million unemployed. During the past few years, many other textile plants throughout our Nation have also been forced to close. Many others that have managed to survive to date have reduced the number of shifts and cut down on the length of the workweek. Thousands of workers have been thrown out of work and thousands more have seen their hours of work reduced to such an extent that they are unable to meet their obligations. The textile workers have been aware of the recession for several years. They have been out of the market for many consumer goods that are now piling up in the retail outlets and clogging the warehouses. It is no wonder that the country as a whole is now faced with a serious recession.

Many of the textile industry's difficulties have been attributed to the Trade Agreements Act as presently administered, which is now proposed to be extended for 5 more years. Before extending this legislation let us examine closely our present trade policy so that we may determine how seriously the textile industry is being injured. In so doing we should look first to our trade relations with Japan, since it is from this nation that we receive the vast majority of our textile imports.

In 1956 our imports from Japan totaled \$547,562,245. Only from Canada, Brazil, Venezuela, and the United Kingdom did we import more. Of our total import business with Japan, approximately 37 percent of it was in the textile field. During this same year we received from Japan into our local markets miscellaneous textile products of the value of \$203,708,888. In this same period our textile exports to Japan were \$8,926,657. In other words, the United States, which for many years has been the world's leading producer of textiles, imported from Japan more than 22 times the

amount of textiles exported. This situation would be somewhat analogous to the world's leading coffee producer, Brazil, importing more coffee than it exported.

Further, it should be pointed out that of the thousands of products which we import, only an extremely limited few exceed textiles in quantity. Our textile imports from Japan almost equal the total of all products imported from each of the nations of France, India, and Italy. Our imports of this same product greatly exceed the total of all imports from Australia, Peru, Sweden, Turkey, Switzerland, and Argentina respectively. In addition to these facts, in determining the extent the United States manufacturers are suffering from unfair competition, we must consider the fact that the Japanese produce these goods with a labor force which receives approximately one-tenth of the hourly wage paid to workers in this country.

These figures point out with extreme clarity that Japanese imports are seriously threatening the very existence of our textile industry. This leads us to the obvious question of why we established such a trade policy. The answer can be stated very simply in saying that the Trade Agreements Act as presently administered has become another arm of our foreign aid program. The present administration has determined that the economy of Japan must be improved at any cost and has very deliberately set out on a plan to increase these ruinous imports knowing full well the ultimate disastrous effect upon our textile workers and manufacturers. It is a cold and hard fact that the textile industry has been labeled expendable. It is the firm policy of this administration that the economic well-being of Japan is of much greater importance than the well-being of the hundreds of thousands of Americans who depend upon this industry.

In pursuing such an incredulous course, we have completely abandoned the original concept of trade agreements as formulated by one of our greatest Secretaries of State, Cordell Hull. Secretary Hull authored the first Trade Agreements Act which was adopted in 1934. The Cordell Hull trade philosophy can best be expressed in his own words which were uttered in a speech on May 2, 1935. He said at that time:

The general aim of our negotiators is to secure concessions for those American exports the marketing of which in the other country offers the best opportunity of development and, at the same time, promises the greatest degree of revival in our export industries; and to grant the other country concessions with respect to commodities the possible increased importations of which would be beneficial to our country.

Notice that Mr. Hull stressed the granting of concessions on goods on which the increased importation would be beneficial to our country. The criteria was not, does country A need to export these goods, but is it to our best interest to import them? Let us apply this criteria to the textile industry. No doubt, every Member of the House has seen or heard about the little booklets put out by the Department of Commerce recently in support of the passage of

the administration's trade policy. On page 3 of the pamphlet in regard to Georgia, the following revealing information is found relative to textile products nationally:

Exports substantially exceeded imports as recently as 1954, but imports have since increased, and in 1956, they were decidedly the larger in value. Against the \$452 million worth of exports in 1956, imports of textile mill and related products about \$550 million.

Taking the figures listed in the administration's own propaganda in support of more imports, we see that imports of textiles exceeded exports by almost \$100 million. Therefore, when the administration and sincere proponents of the bill as reported make much of the fact that our total exports of all goods exceed imports, let us remember that just the opposite applies to textiles. Some people may consider the textile industry to be expendable, but I can assure you that the people of Georgia do not. According to the 1954 Census of Manufacturers, as taken from the Department of Commerce pamphlet previously mentioned, 103,079 were employed by 328 Georgia firms engaged in the production of textile mill products, or more than one-third of the total number employed in manufacturing. Certainly it is clear that to the 1 out of 3 industrial workers in Georgia who makes his living in the textile industry, the increased importation of textiles would not be beneficial to him, to his family, to his employer, nor to the local merchants with whom he trades. I certainly cannot support a bill to further endanger the textile worker and those dependent upon him. I cannot support a bill, the effect of which would be directly opposite to that intended by Cordell Hull when he sponsored the original Trade Agreements Act.

You will recall that in the year 1939 our Nation was undergoing serious economic difficulty and unemployment was running high. This time in our history can well be compared to that of today. On November 7, 1939, Secretary of State Hull wrote a letter to Senator Capper, of Kansas, in which he stated:

The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign-trade relations must rest on the premise of undertaking to benefit and not to injure such interests. In a time of difficulty and unemployment such as this the highest consideration of the position of the different branches of American production is required.

I think that it has been clearly demonstrated that the textile industry, surely a sound and important American interest, has been injuriously disturbed. The Trade Agreements Act, as administered, certainly does not benefit and obviously does injure the interests of the textile worker and manufacturer.

I believe in liberal trade with our friends abroad as did Cordell Hull, but I cannot support the administration's trade program which is designed to destroy the jobs of thousands of Ameri-

cans. In past years when the Trade Agreements Act was up for consideration, the only choice was to continue it essentially as it was or to let it expire. Fortunately, this year, there is another alternative. The substitute proposal will permit liberal and expanded foreign trade, but it contains safeguards for suffering industries. This substitute measure contains the Cordell Hull trade theories and it has my support. It is my sincere hope that a majority of the membership of Congress will view the matter realistically and will also support it after giving highest consideration of the position of the different branches of American production.

We should seize the opportunity presented to us now. Otherwise, it will be 5 more years before we have another chance to act. As I believe I have shown in regard to the textile industry, many industries of the United States may not survive that long.

Mr. MILLS. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. EDMONDSON].

Mr. REED. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma.

Mr. EDMONDSON. I thank the gentlemen.

(Mr. EDMONDSON asked and was given permission to revise and extend his remarks.)

Mr. EDMONDSON. Mr. Chairman, I have listened with considerable interest and a great deal of concern to some very eloquent speeches that have been made on the subject of this bill by the most able chairman of this committee and by other members of the committee who have given to us some very persuasive assurances as to what would take place under the amended bill which the committee is offering to us. I have listened to them and I have almost been persuaded, but it has been impossible to dismiss from my memory and my thought the assurances that were given on the floor of this House in 1934, when this Reciprocal Trade Agreements Act was first voted by this House. At that time the chairman of the Ways and Means Committee, a man just as esteemed and just as distinguished as the gentleman from Arkansas said this:

We know that the President has predicated this whole bill upon the solid foundation that no essential American industry shall be crippled.

At that time a Member had the temerity to stand up and ask if that was adequate assurance, and Mr. Doughton, at that time the chairman, said:

If the gentleman cannot take the word of the President of the United States when he has assured the country that no legitimate industry will be disturbed or crippled, much less eliminated, then he has his seat on the wrong side of the aisle.

The gentlemen who were listening to that speech at that time believed those assurances. They relied upon them.

The gentleman from Connecticut, Mr. Koppleman, said:

I am, of course, for protection of American industries, as all of us are, on both sides of the House. In voting for this bill I do not compromise that position—I am not voting

for the reduction of duties on articles produced in my State or in any other State.

The Members of the House in 1934 thought they were getting an emergency bill that would not disturb or cripple their own industries. They thought at that time, Mr. Chairman, that they were getting a bill with solid assurance from the leaders of this country, I say with all respect from most distinguished leaders, that American industry would not be disturbed or crippled. Does anyone question today that the lead and zinc industry of America is a legitimate industry? Does anybody question that it is a substantial industry? Is there any man that says the oil industry is an illegitimate industry and is not a substantial industry? No fair-minded person can deny that they are legitimate, and substantial, and that they are today being crippled and disturbed by the maladministration of this Trade Agreement Act. I cannot avoid the conclusion that leaders of this body and the Democratic Party, who today stand for broadening and extending Presidential authority in the face of this maladministration, do so without regard for the pledges which were given to the American people in 1934 when this act was enacted.

I believe in the Reciprocal Trade Agreement Act as it was presented to the people by President Roosevelt and by Secretary Hull and by the other great advocates of that program when it was initiated. I do not believe in it when it allows substantial American industry to be very substantially crippled or destroyed by unrestrained imports, with loss of employment and investment for American citizens who are entitled to rely upon assurances in this basic law. I do not believe that Mr. Roosevelt, if he were here today, would say he favored the operation and administration of this program as we now have it.

We have reached the point where we Members of Congress are once again going to have to assert our responsibility as representatives of our people to the end that substantial and legitimate industries and interests in our country are not injuriously disturbed and crippled under an unrestrained Executive control of the program. We have the opportunity with this bill; we have the opportunity here to place additional safeguards in this bill or send it back to committee. If we fail to act on that opportunity we are not faithful to our obligations or to our constituents.

Mr. MILLS. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. WHITENER].

Mr. WHITENER. Mr. Chairman, I would like to express to the chairman of the Ways and Means Committee my appreciation for his making it possible for me to say a few words with reference to this important legislation. Because my time is limited, I shall not be able to go into any great detail, but I would like at the outset to incorporate by reference the splendid remarks made by our distinguished colleague, the gentleman from Oklahoma [Mr. EDMONDSON].

Mr. Chairman, I come from a seven-county congressional district. In each of those counties we have textile plants.

My own home county has more textile plants than any county on the face of the globe; we have over 100 of those plants.

I can say to you without exaggeration that throughout the length and breadth of the 11th Congressional District of North Carolina there is very serious apprehension on the part of the people who earn their livelihood in those plants because of low-wage competition from foreign manufacturers.

I am a product of the textile country, one who was raised in a textile village. I can say that had this situation with which our people are confronted today existed during my youth I doubt that the community in which I live would today have men from the villages, the cotton-mill villages, running the banks, occupying positions in government, and performing the other splendid services which make this country great.

It may sound pleasing to you and to me to talk about constitutional government and our theories of government and economy. But, it is the practical down to earth matters which are important to my friends and relatives who earn their living in the mills and factories.

Mr. Chairman, I am compelled by reason to rise in opposition to H. R. 12591, a bill to extend the authority of the President of the United States to enter into trade agreements with foreign nations under section 350 of the Tariff Act of 1930, as amended.

I am opposed to a further delegation to the President of the United States of the constitutional authority of the Congress to regulate the commerce of this country.

The time has come when the Congress, as the representative of the people of the United States, must face up to the issue and recapture its authority over tariffs and trade if certain basic industries, vital to our national economy, are to survive.

Mr. Chairman, the first Trade Agreements Act, as signed by President Roosevelt on June 12, 1934, was an emergency measure. Congress in attempting to revitalize our depression-ridden economy gave to the President vast powers over the foreign commerce of this Nation never before exercised by any Chief Executive.

It was not the intent of the Congress in 1934 to permanently confer on the President its constitutional authority over tariffs and trade. That fact is clear to anyone who will take the time to read the hearings held in connection with the 1934 act and the debates which took place in the Congress on the subject.

Nor did the Congress in 1934 intend for American industry ever to be placed in jeopardy through action of the Executive in lowering tariffs.

Likewise, the Congress did not visualize that the time would come when the President of the United States would subordinate the interests of American labor and industry in order to gain questionable foreign policy concessions.

Like many another emergency measure the principles of reciprocal trade have become more or less permanent, and like many measures conceived in good faith so-called reciprocal trade has boomeranged.

Mr. Chairman, if H. R. 12591 is enacted in its present form, a death sentence will be pronounced by this Congress on many industries vital to the economic health and security of our Nation.

We, who oppose the passage of the administration's bill, are sincere in our belief that basic American industry is in danger. We are not blind to the realities of the present situation. We can see what is happening to industry in our respective districts, and we feel compelled to speak out against the administration's attempt to play international politics with the jobs and businesses of our constituents.

It is a situation full of grim reality for those of us who have plants in the process of liquidation and men and women walking the streets looking for employment.

Today it is textiles, leather, tile, coal, glass, bicycles, watches, fish, plywood, cameras, and sewing machines that are being forced to the wall.

Tomorrow it may be automobiles, furniture, ships, and electrical equipment that will feel the effect of too much foreign competition.

Today the industrial life of North Carolina is at stake. Tomorrow it can very well be the economic existence of Michigan.

Mr. Chairman, I represent one of the largest textile manufacturing districts in the United States. I am very familiar with the industry. I have had many discussions with textile manufacturers and the workers in the mills from every section of my district and the State of North Carolina.

I say to you with all the sincerity at my command that if adequate protection is not provided in the bill under discussion the American textile industry, North as well as South, is doomed.

The textile industry ranks fourth in America. It employs more than a million persons and operates directly in 39 of the 48 States. It pays out in excess of \$3 billion a year in wages and salaries. Products made and shipped by the industry exceed \$12 billion annually.

Mr. Chairman, I will not attempt to talk for my friends who represent northern textile districts. I know they are well aware of what is happening in their States as a result of foreign textile competition. I know they share my concern over the plight of their laboring people and those who have invested their fortunes in the textile industry.

The overwhelming threat today to the American textile industry is the growing textile empire which has been created in Japan since World War II and, largely, with American taxpayers' dollars.

Today the American textile industry survives, I am sorry to say, by the permission of Japan. Failing to secure any relief from our Government from an ever-increasing flow of Japanese cotton goods, Japan voluntarily agreed in January of 1957 to limit the export of cotton textiles to the United States to 235 million square yards a year for a period of 5 years beginning January 1, 1957.

Let me remind you that this agreement does not have the force of law. It is voluntary, pure and simple.

Thus, we are treated to the strange spectacle of a great American industry without adequate protection from its own Government existing at the pleasure of a foreign nation.

Such a situation has tragic overtones for the greatest Nation on earth. Certainly it does for the State I am privileged to represent in this House.

Textiles are the most important manufacturing industry in North Carolina from the standpoint of the number of people employed, wages paid, and value of products. More than half of the people employed in manufacturing in North Carolina work in textile mills. Over 227,200 North Carolinians out of a total manufacturing labor force of 453,800 persons are employed in the textile industry. When some 22,900 persons employed in the allied apparel industry are considered, total employment in textiles in North Carolina amounts to 55 percent of all of our people engaged in manufacturing.

Although the greatest impact of changes affecting the textile industry is on our workers and the owners of our mills engaged in manufacturing textile products, the entire economy of North Carolina is tied very closely with the welfare of the textile industry.

Our North Carolina mills are the greatest customers for our farmers' cotton crop. North Carolina cotton mills used approximately 2,638,000 bales of cotton in the 1955-56 period. In 1956 North Carolina produced 360,000 bales of cotton. It will be seen, therefore, that the entire cotton crop of North Carolina for 1956 was consumed by North Carolina mills in just a few months of operation.

In addition to supporting a ready market for North Carolina cotton farmers a quarter of a million North Carolinians employed in our mills offer a strong market for the other agricultural products produced by our farmers.

The farmers of North Carolina have a tremendous stake in the legislation under debate today. Harm the textile industry in North Carolina and hundreds of thousands of our farmers will suffer severe economic consequences.

Mr. Chairman, I would like to call the attention of the House to another great American industry closely allied with the textile industry that is suffering by reason of the closing of our cotton mills through unfair foreign textile competition.

I speak of the American textile-machinery industry.

It will come as a surprise, I am sure, to Members of the House in whose districts textile-machinery-manufacturing plants are located to learn that over a period of years equipment and machinery purchased by the textile industry has amounted to some \$460 million annually. Over 36,000 persons are employed in textile-machinery-manufacturing plants with an annual payroll in excess of \$146 million.

The textile industry also purchases over \$800 million worth of chemicals and \$430 million worth of other industrial products each year. The great bulk of

these products are manufactured in areas having very little textile production.

Mr. Chairman, it is apparent from what I have said that there is more at stake in the passage of this legislation than the welfare of those who work in the mills. The textile industry, like every industry, is interrelated with many other industries. When it suffers, every dependent industry likewise suffers.

It would be well if we would bear that fact in mind as we vote on the legislation under debate today.

I would like to call the attention of the House to an incident which I feel vividly illustrates the present decline in the American textile industry. At North Carolina State College, Raleigh, N. C., is located one of the finest textile schools in the United States. For the academic year 1950-51 the school had a total enrollment of 646. I regret to say, however, that in the academic year 1956-57 the total enrollment had dropped to 467.

It is my understanding that the rate of decline in enrollment for other textile schools throughout the United States has been even greater. This is a regrettable situation. It clearly points up the fact that our young people consider the future of the American textile industry to be uncertain.

Mr. Chairman, the American textile industry looks to the Congress for its survival. In February 1951, 1,355,000 people were employed in textiles. As of today slightly more than a million persons are earning their living in cotton mills. Over 700 mills have closed their doors in the last several years.

It is a tragic but unmistakable fact that the handwriting is on the wall for the textile industry. Unless this Congress writes into the administration bill now under discussion adequate safeguards to protect American mills from unfair competition, the attrition now underway in the American textile industry will be rapidly accelerated.

Mr. Chairman, this Congress should reassert its constitutional authority over tariffs. The foreign commerce of the United States should no longer be made a part of the bankrupt foreign policy of the present administration. The jobs of our working people and the existence of vital American industries are at stake.

Let us put the interests of the people of the United States, for a change, above that of the rest of the world. In that way we will protect the jobs of our people and safeguard the security of vital American industry.

The Simpson-Dorn-Davis substitute bill will aid in accomplishing these laudable purposes. Its adoption, in lieu of the provisions of H. R. 12591 now before us, seems to me to be dictated by all sound reasoning. I urge its adoption.

(Mr. WHITENER asked and was given permission to revise and extend his remarks.)

Mr. REED. Mr. Chairman, I yield 5 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

(Mrs. ROGERS of Massachusetts asked and was given permission to revise and extend her remarks.)

Mrs. ROGERS of Massachusetts. Mr. Chairman, as have several other Members of this House, I have been here since the very beginning of the reciprocal trade legislation. I was a Member of the House during those early debates on reciprocal trade which took place in 1934 in the 73d Congress.

It is to be recalled that back in 1934 not only the United States but the whole world was struggling to emerge from economic collapse and perhaps the most serious depression ever experienced. Because of the desire to prevent the continuing downward trend of those depression days, there were those who conceived the idea that if international trade could somehow be molded into a coordinated whole throughout the world the economies of all the nations would begin to adjust themselves and turn the corner toward recovery. It was believed that through the processes of negotiation that trade agreements on a basis of reciprocity could be made with the various nations of the world and that these agreements would promote a far greater movement of goods and products between the United States and the nations with whom these agreements were made.

Beginning sometime prior to 1934, Mr. Chairman, I had become sufficiently interested in the subject of international trade to study it in order to know something of the theory and the realities of trade operation. During the years since 1934 not only have I made studies myself of this tremendously important subject but I have had studies made by professionally trained economists who are specialists in the field of international trade. I have employed highly trained professional economists. The entire expense and cost of this work has come from my own private resources. This undertaking was not in any sense or in any way financed by the Federal Government. I considered this effort constructive and part of my duty in serving the people of my district and the Commonwealth of Massachusetts.

The reason for my devoting so much attention to this whole question of international trade is I believe quite obvious. It is extremely important not only to our country as a whole from within but it is important also in the field of our international relations. In addition to this it is extremely important to every person in our country because the economics of international trade sooner or later is certain to touch every business and the lives of every person within this great land of ours. It is well to remember that all factors involving economics are interrelated and that these factors in turn must be by their very nature interrelated with our social and political lives.

It is my view, Mr. Chairman, there is no member of this Congress who is opposed to the friendly trading with friendly nations. I know of no one opposed to international trade. We are concerned here not with the objective but with the method of achieving the objective. We are concerned with whether or not we proceed lawfully or whether the steps we take are unlawful.

We are concerned with the basic fundamental law of the land, the Constitution of the United States.

Back in 1925 during the 69th Congress I came down to the well of the House and held up my right hand and took an oath. I swore to uphold and defend the Constitution of the United States. Since that time I have taken this oath to defend the Constitution of the United States 16 times. Every Member here has taken the same oath, and a few of you more times than I have. In all branches of the Government officials take a similar oath. The taking of this oath, Mr. Chairman, is a very serious matter. It is not just a morning exercise, part of the general procedure. It binds the mind, the conscience, and the spirit of us all to the very fundamental principles upon which this Nation was founded. It involves the strength of character of individuals. It involves the intellectual honesty of all who have taken it, to solemnly and seriously abide by and adhere to constitutional authority. In this regard no person can compromise their principles, for if they do that compromise will destroy them.

The basis for the conduct of international trade is clearly and specifically stated in the Constitution of the United States. Article I, section 8, states, and I quote:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; to regulate commerce with foreign nations, and among the several States, and with the Indian tribes.

Here then the Constitution states that the Congress shall have the power to regulate and conduct the international trade of these United States of America. The Constitution does not say that the Executive shall have this power or that some international council shall have this power or that some organization of the United Nations shall have this power, but the Constitution clearly and precisely states this power shall reside in the Congress of the Government of the United States.

Now let us take a look at this question of international trade and the tariff policy of the Nation. The purpose of any tariff policy has three objectives. The first is to raise revenue, the second is to protect the economy of the Nation for its citizens, and the third is to help in the insurance of the national defense. Now in the United States the conduct of this policy is vested in the Congress by the Constitution. In 1934 when the first Trade Agreements Act was passed, the 73d Congress wrongfully and tragically voted this power specifically vested in the Congress by the Constitution to the executive division of the Government. It is my view that the Congress did not have the legal right to transfer or to delegate a specific power vested in it by the Constitution of the United States. Several times since 1934 the Congress has renewed and extended the Trade Agreements Act until now at this hour the Congress is asked to again extend this act for 5 more years delegating its constitutional power to the executive

department of the Government. Mr. Chairman, the Congress just does not have this authority and in delegating this power it is violating the law. In delegating this power, if it is done again, the Congress is again doing violence to its oath to protect and defend the Constitution of the United States.

It is my contention that if the power to regulate the commerce with foreign nations specifically vested in the Congress by the Constitution of the United States is to be taken away from the Congress and given to the executive division of our Government that this procedure should be done lawfully and not unlawfully. To accomplish this procedure lawfully requires an amendment to the Constitution of the United States. For all of those who are so willfully ready to transfer this power I recommend that they support a lawful way of doing it, a lawful way of making this transfer. If the people of this country no longer want their representatives in Congress to have this power, then the people should have the opportunity to vote, to ratify an amendment to the Constitution transferring the power from the people's representatives to the executive division of the Government. I do not believe in doing things in an underhanded way. I do not believe in sneaking around to the back door. Where the Constitution of the United States is concerned certainly all procedure should be open and above board and the people should clearly and precisely understand all that is involved.

It is to be remembered that this United States is a Government of the people. The people in the United States are the sovereign. The State is not sovereign in this country. The people are sovereign. The people conduct their Government through their representatives in Congress. I do not believe and shall never subscribe to tossing the Constitution of the United States in the wastebasket for the purposes of convenience. Most emphatically I reject the idea that the Representatives in Congress of the people's government are to be no longer directly responsible to the people for the regulation of commerce with foreign nations. I reject the idea that our representative government must to this extent lose its constitutional character and is to be increasingly and progressively beholden to Executive authority, whether that authority is national or international in character. Furthermore I reject the idea that the citizens of our great Nation either individually or as associations, as groups or as corporations are to lose their effective right to present their wishes and desires to their elected public servants representing them in the Congress of the United States. I reject these principles because of the astounding reason that the representatives of the people elected by the people are to be no longer responsible to the people. This is nothing more than a skuttling of representative government.

It is well to think seriously about this question of the delegation of a specific constitutional power by the Congress. If the Congress can delegate a specific power vested in it by the Constitution, then the Congress can delegate any power

vested in it by the Constitution. In fact, the Congress can delegate away all of its powers and representative government in the United States of America will cease to exist. We will then become a dictatorship under the authority of an executive. The sovereignty of the people will be lost as the sovereignty is gradually transferred from the people to the State.

The proponents of this delegation of power to the Executive exclaim, "Oh, but these are modern times and they are far different from the time that existed prior to World War II." These are times of world cooperation, of international councils, of joining up with all kinds of international organizations for the benefit of the whole world. Now I am not opposed to cooperation with other nations but I am opposed to unlawful methods in the achieving of these objectives. I am opposed to the transfer of the people's authority in the United States to an international organization who in turn will have authority over the people of the United States.

Back in September of 1946 the representatives of various nations met in London as a sort of preparatory committee of the Conference on International Trade. This preparatory committee recommended procedures to give effect to certain provisions of the charter of the International Trade Organization commonly known as ITO which was set up in the Habana Conference in 1949. The United States Government did not ratify the so-called ITO treaty. However, regardless of this fact, the London Conference in 1946 of this so-called preparatory committee bound the United States to a chapter of the ITO treaty that was never ratified; namely, to enter into certain provisions and discussions to set up an international operating authority on the subject of a general agreement on tariffs and trade. Now to do this, of course this authority had to be set up and organized. To do this the preparatory committee moved and reconvened in Geneva in 1947, and out of this conference came the General Agreement on Tariffs and Trade commonly known by its initials GATT.

GATT is an international trade organization. It is based on the concept of multilateral trade agreements rather than bilateral agreements. Under its authority America can no longer make agreements with single nations on a reciprocal trade basis. Instead, under the most favored nation clause any agreement that the United States makes automatically extends to all nations the concessions found to be advantageous in that agreement. GATT is an instrument of authority in the constantly growing concept of the international state. It is a part of the Nation's foreign economic policy under the administration of the Nation's international trade under the authority delegated by the Congress to the Executive in H. R. 12591. If H. R. 12591 is enacted into law, GATT, this international authority, will, continue to make rules and regulations on tariffs and trade involving the United States of America. In other words, the authority, the power vested in the Congress by the Constitution now

has passed to an international authority. The United States of America is no longer controlling its own international trade policies. These policies under this legislation will continue to be made by an international body known as GATT. In other words, under the reciprocal trade agreement acts and as these acts are to be continued under this legislation the people of the United States have lost some of their sovereignty without ever having the opportunity to approve or disapprove. It was taken away by Executive decree.

The advocates of this legislation claim that regardless of this fact nevertheless a great benefit results to everyone, including the United States. It is their view that the United States has improved its international trade position. It is their view the industries of America have benefited and that the people of America have benefited from this GATT control of our international trade. In view of these claims let us turn to an examination of the facts.

Compared to other nations of the world, our tariffs are the lowest, and have been for many years. In spite of this fact, under the Trade Agreements Act and GATT there have been over 55,000 trade concessions made relating to the products of countries importing into the United States. American products are being displaced in our own markets by similar products of foreign manufacture. Many of these foreign products are made by labor which is extremely low paid in comparison with the wages of labor in the United States. In view of the modern machinery which these countries now possess, this low-paid labor is producing just as efficiently as, if not more so than, the high-paid labor in the United States.

Here in America we pride ourselves on our high standard of living. We constantly boast that the standard of living in America is higher than that of any other country in the world. I believe this standard of living must be maintained. I am opposed to any policy that will jeopardize its continuance. From an economic viewpoint, however, it is impossible for me to comprehend how the high standard of living for American labor can continue if it is to be subjected to the competition of the low standard of living of labor in foreign countries.

In this regard, over 50 percent of American imports were never subjected to the payment of duties. These products were not in competition with any of our own. The products that were subjected to duties were imposed for the purpose of reserving our home markets for our own producers, and in this way maintaining employment in these particular industries. Again I must emphasize that this protection was necessary in order to protect the workers in these industries in America from the competition of the low-paid workers in other countries. In addition to this, it must be remembered that these low-paid workers are now operating modern, efficient machines.

If protection is removed, how can the families of American working men and women in these industries long compete? How can they maintain the quality of

living they have worked so hard to develop?

There are many industries involved. In New England alone there have been hundreds of textile industries close up and go out of business, causing large numbers of unemployed. Certainly, all of the difficulties confronting the textile industry are not due to the importations of products from foreign lands manufactured by low-paid labor. The textile industry has many more problems to solve than foreign competition. If it had not been, however, for this cheap foreign competition, many of the textile mills now closed down could have solved and weathered their other difficulties.

The textile industry is not alone. To those Members of Congress representing large wheat and cotton areas of our country, I address this question: Do you think any grower of cotton or of wheat in the United States can benefit and improve his standard of living in view of the American program of sending seed and fertilizers, agricultural equipment, money, and technicians abroad for the purpose of developing foreign agriculture? By sending these necessities for a healthy agriculture abroad, we are removing these markets from the American grower. As a result larger and larger crops, surpluses, and soil banks result here at home.

Under this international authority of GATT the people have no release. GATT is responsible only to GATT. It is not responsible to the people of any nation. Under the Trade Agreements Act and this pending legislation the people have no recourse. We are told that there is an escape clause in this legislation which will permit the Executive to correct any agreement which is working to the detriment of an American industry. Since 1934 we have been assured and reassured by the Executive that no domestic industry was to be jeopardized. We have been told by the State Department that all duty reductions are made only after adequate hearings and a very careful examination of the facts. Has this been true?

The facts tell us otherwise. Industry after industry has appealed to the State Department through the Tariff Commission and through the escape-clause mechanism for the correction of serious injury which if continued would cause a shutdown of the particular industry, throwing its employees out of work. Time after time after time the plea of these industries has been rejected by the executive division of our Government to whom Congress delegated its authority to regulate foreign commerce in 1934. In these specific industrial crises the elected representatives of the people were powerless, powerless because they had delegated their constitutional authority. All the elected representatives could do now was to go to the executive branch of the Government and plead and beg for justice. The elected representatives of the people had to humiliate themselves by pleading to bureaucrats who did not possess the training or the ability to exercise the power which Congress had so wrongfully given to them.

In this regard I am compelled to speak of one of the finest old-industrial institutions in America. I refer to the Merrimac Manufacturing Co. at Lowell, Mass. The business of this industry is the manufacture of velveteen cloth. This industry has been in existence for 136 years. Throughout America it possessed the reputation of producing the finest velveteen cloth in the world. Within the last few years importations of velveteen cloth from Japan where labor is paid wages less than one-tenth of the wages paid by the Merrimac Manufacturing Co., have forced the Merrimac Manufacturing Co. to cease operations, throwing hundreds of loyal employees out of their jobs—this after 136 years of successful operation. I have protested this situation with every official in the executive division of the Government having any authority whatsoever or any influence whatsoever over the problem. I have talked with this individual and that individual, I have gone to this department and that department, I have sought help everywhere there was any possibility to find help. I have been struggling with this problem for over a year. Up to the present time I have received no help whatsoever from the executive department involving this magnificent old American industry. This I say to you is a tragedy and certainly constitutes no recommendation under any circumstances for turning over the control of the foreign commerce of the United States to the executive division of the Government for administration.

In conclusion, Mr. Chairman, and by way of summary I am compelled to say I am opposed to the administration bill H. R. 12591 because it does violence to the Constitution of the United States which I have sworn to protect and defend. It is my view that if the power to regulate the foreign commerce of the United States is to be transferred from the Congress to the executive division of the Government it should be done so by constitutional amendment so that all of the people of the United States will have a chance to express their views by their vote. This is a people's government and the people are sovereign and the people should have the right to determine any basic change in the constitutional operation of their Government. Furthermore I am opposed to this legislation because I am opposed to turning over the people's authority vested in the Congress of the United States to an international body known as GATT for the purpose of determining the trade policies of this country. I am opposed to the transfer of any part of our sovereignty to an international organization such as GATT. Under our constitutional form of Government the Representatives of the people here in the Congress are responsible to the people. GATT is responsible to no one.

I am opposed to amending the Constitution of the United States by either congressional act or by the decree of the Executive. I believe the people of America should have a right to come to their Representatives in Congress and

protest any action which is injurious to their welfare, and I believe furthermore that the Representatives of the people should have the power to correct any such injuries.

Because of the reasons I have mentioned and because of many, many more basic arguments involving fundamental economics which I do not have the time to present I am compelled to oppose H. R. 12591, the administration bill. I applaud any objective to improve our international trade with friendly nations. I can only subscribe, however, in conscience and in knowledge to lawful methods of achieving such a desired objective.

Here today the Congress is fortunate in that it has at this time alternative legislation to consider for promoting international trade between the United States and other countries. Although this legislation H. R. 12676 is not perfect and contains wide areas for improvement, I believe it is of more value than the failure to enact any legislation at all. In the alternative bill Congress does not delegate away its authority under the Constitution to regulate and control the foreign commerce of the United States.

This bill changes the presently operating procedure whereby the Department of State prepares the bargaining list for trade-agreement negotiations and instead gives this authority and responsibility to the Tariff Commission. Under this bill the Tariff Commission will determine the peril points for the items placed on the list in two categories, first, the extent of tariff reductions that can be made on any listed articles without threatening injury to American producers; and second, the Commission can increase tariffs or quotas which are necessary on any of the listed articles to avoid economic injury in the United States. Any trade agreement which fails to comply with any peril points cannot become effective for the pertinent articles unless Congress approves the concessions.

In the alternative legislation the escape clause provides greater protection for American producers. In the first place escape-clause investigations would be cut from 9 to 6 months and the recommendations of the Tariff Commission would not only go to the President of the United States but also to the Congress. The Tariff Commission recommendations would become law unless Congress, on Presidential request, within 60 days, enacted a bill providing otherwise. In other words, here again Congress as the representatives of the people is in a position to control tariff recommendations just as it is authorized to do by the Constitution of the United States. Also the Tariff Commission with congressional approval could recommend the setting of a quota if the maximum permissible duty increase would not prevent or remedy injury to a domestic industry. Here again under this alternative legislation Congress has the opportunity to assert its constitutional power. Here the representatives of the people, the Members of Congress, have a chance to correct injury and to prevent wide-scale unem-

ployment in American industry due to a too liberal policy of importations.

There are other benefits which this legislation provides relating to national security and agricultural commodities which I am certain will be carefully and precisely discussed by some of my colleagues extremely familiar with these subjects. I need only say that in the consideration of international trade and international organizations controlling international trade it must always be remembered that the sovereign power of the United States is vested in the people while in many of the countries with which trade agreements may be made the sovereign power is in the state or the executive. The people of those countries have nothing to say whatsoever regarding the conduct of their governments. In the United States the people have everything to say about the conduct of their government, for their government is only their agency.

My final remarks are these. Our government is a government of laws and not of men. On a few occasions I have heard President Eisenhower refer to this fact. Since this is true, it is compelling that the Government of the United States operates under the law and not around it or over it or by side-stepping it. Surely such correlation does not call for either congressional abdication of its constitutional power or transfer of its constitutional authority to the executive division of the government under such broad terms and broad powers that the executive can have a dictatorial hand and no longer need to consider Congress, the elected representatives of the people.

Although I believe the alternative legislation H. R. 12676 is preferable to the bill advocated by the administration, H. R. 12591, I am certain much more study and analysis of all factors associated would produce a better solution to the many complexities involved.

The American form of constitutional government has been tested sound in the economic crossfire through the years. Our job is to preserve this form of government, not to weaken it, and not to chip away its basic principles and protective guarantys for the people. It is well to remember that any constructive progressive act can be accomplished by lawful means under law. Resorting to unlawful methods doing violence to the Constitution, the basic law of the land, is not the American way.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. McCARTHY].

(Mr. McCARTHY asked and was given permission to revise and extend his remarks.)

Mr. McCARTHY. Mr. Chairman, I will speak principally about procedures under the Reciprocal Trade Agreements Act which are designed to give adequate protection to American industry and business from unfair competition. Mr. Chairman, two large volumes, each about as thick as the Washington telephone directory, have been issued recently by the Government Printing Office. They record the willingness and determination of the Ways and Means Committee to hear every American busi-

nessman, or his spokesman, if that businessman thought that foreign competition had hurt him or that it might hurt him in the future. The committee earnestly sought to draft a law which would maintain the integrity of the trade agreements program and at the same time give all justifiable protection to American industry and business.

Some critics of the program give the impression that the United States proceeds under the Reciprocal Trade Agreements Act in an easy and freehanded way. This is not the case. The trade agreements program, at almost every turn is marked with checks and counterchecks to the point that in the opinion of some, the administration would be greatly simplified if it could be, in the language of sailing men, made shipshape and thereby made easier to steer in the troubled waters of international trade and political competition.

Let me run down a list of some of the safeguards which have been added to safeguards in order to assure American industry that it will not be seriously hurt by reciprocal trade concessions. One commentator has described the process as "the mystery of the 39 steps," or the 39 steps to the liberalization of tariff. It takes about 39 steps in order to get up a list of products upon which everyone can agree and proceed to reduce tariff rates.

Step 1 consists of preliminary consideration of items on which the duty might be reduced. The body that considers them is called the Trade Agreements Committee. It is composed of representatives of the Tariff Commission and of eight executive agencies, which might conceivably have some interest in the matter—Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury. Even the International Cooperation Administration gets into the act. Protracted analysis, negotiation and inter-departmental pushing and hauling follow. The Trade Agreements Committee labors and ultimately brings forth a list of products on which tariffs might be reduced—if nobody minds.

Step 2 consists of review by the Trade Policy Committee. This is a Cabinet-level Committee composed of Secretaries of the same departments I listed a moment ago. ICA and the Tariff Commission get dropped along the way, but I trust that the secretaries can handle the job without them.

The third step comes when the Trade Policy Committee submits the list with appropriate comments to the President for his further review.

As a fourth step the President studies the list.

Step 5, the President approves the list.

At step 6, a public announcement is made so that all interested parties can file briefs and testify at public hearings on how they think any possible concessions are going to affect them.

Step 7, at this point a third committee is introduced—the Committee on Reciprocity Information, chaired by the chairman of the Tariff Commission. The other members of the Reciprocity Information Committee represent the

same agencies that were on the Trade Agreements Committee that drew up the list in the first place. This looks like an interlocking directorate arrangement because the Committee on Reciprocity Information sends all the information it derives from the hearings back to the Trade Agreements Committee. That is step 8.

At this point, only those items remain that have survived the intensive combing by 8 or 9 individual executive agencies, the Tariff Commission, 3 committees, and the President. In any case, we finally have a list of products on which tariff concessions supposedly can be made without really hurting anyone—if they are made gently. To make doubly sure that no one is going to get hurt, another battery of safeguards has been evolved—the so-called peril points. At the time the list of items that have survived the screening process is made public, the Tariff Commission starts figuring out the point below which duties may not be reduced without peril to domestic industries.

The Tariff Commission holds hearings on peril points and transmits its findings to the Trade Agreements Committee. This is step 9.

The Trade Agreements Committee now has a wealth of information that has been submitted to it, submitted primarily from sources who want to keep the tariff up. This Committee makes its recommendations to the Cabinet-level Trade Policy Committee once again, step 10, and the Trade Policy Committee reviews them again, step 11. The President reviews them again and finally authorizes negotiations to begin on the items that are left. That is step 12.

Each item on which our negotiators are authorized to make a reciprocal concession is checked and rechecked a dozen times within the executive branch and the Tariff Commission.

Now we come to the escape-clause provisions. This is step No. 13, a very unlucky step for many a foreign supplier who has worked hard to develop a market in this country. For the foreign supplier who competes with a domestic one in this country, nothing fails like success. If as a result, in whole or in part, of a concession, a product is being imported in such increased quantities as to cause or threaten injury to a domestic industry, the escape clause authorizes the President to remedy or to prevent such injury.

The Tariff Commission is the agency that makes the escape-clause investigation, and it will do so at the request of almost anyone—an industry that thinks it is being injured, the President, either House of Congress, the Senate Finance Committee, and the House Ways and Means Committee. You or I can even initiate the investigation itself. The Tariff Commission investigation includes public hearings that give all interested parties a chance to be heard.

If the Commission finds that increased imports are causing or threatening serious injury to a domestic industry, it must recommend to the President that he raise tariffs or impose quotas on the import.

The way in which the term "serious injury to a domestic industry" is defined should allay the fears of the protectionists. Take, as a hypothetical example, a company that makes tires, hoses, foam rubber cushions, electrical fittings, galoshes, and rubber kewpie dolls for shooting-gallery prizes. This company may be making a 25 percent net profit on its overall business. It may be giving dividends of 20 percent and stock bonuses in addition, but import competition may be making it difficult to maintain profits on the rubber dolls. In our example, let us say rubber dolls represent about 1 percent of this company's total output of goods but rubber dolls are defined as an industry and the company can claim injury and seek escape-clause action.

Now, Mr. Chairman, it is well that we have this kind of an escape clause. There are certain cases in which a foreign product should be kept out even though American consumers prefer it to the domestic product. I think we should recognize, however, that the present escape clause is a major irritant in our relationships with our neighbors, allies, and trading partners.

This fact was very well summarized by an economist, Mr. Benoit, who appeared before the Ways and Means Committee speaking in behalf of the Friends Committee on National Legislation. I want to stress that he made this statement before Vice President and Mrs. Nixon visited Latin America.

Mr. Benoit said in part:

Unless we have some insight into the spiritual meaning of liberalization, I think we will be quite unable to understand the great waves of resentment and disillusionment which have resulted abroad from our tariff increases in recent years under various escape-clause actions.

The point is that these actions of ours have not been interpreted as morally indifferent actions taken in pursuit of our legitimate economic interests. They have been viewed rather as a sort of betrayal, and, above all, as a rejection of friendship, a repudiation of some common bond of humanity that had been assumed to exist. When the United States raises a tariff under an escape-clause action, it appears to the foreigner to be saying, in effect: "We care, in the last analysis, only about ourselves."

"To avoid even minor inconveniences to ourselves we don't mind how much trouble we cause you. We refuse to weigh your welfare and ours in the same scales. Since your trade for the moment is inconvenient, we renounce you."

Gentlemen, I think we make a big mistake when we wave aside these mounting protests abroad as mere petulance or settled anti-American attitudes. In fact, many who protest loudest are our friends. And the hurt they express is genuine. By these acts we have wounded the picture that they would like to carry of America. It is for this reason, above all, that I think we should basically revise our whole concept and procedure under the injury escape-clause.

The escape-clause threatens and discourages foreign exporters. It can cause them actual loss if they invest in sales outlets, hire staff and undertake a promotion campaign in the United States. It is a major factor in the foreigner's reluctance to develop markets here, a major factor in the continuing trade deficit that most countries have with us, a ma-

for factor in the dollar shortage and in the consequent discrimination against dollar exports.

No doubt the escape clause is the principal irritant in our trade program, but it is not the only ex post facto device we have for penalizing the foreigner who succeeds too well in satisfying the American consumer.

In 1955, as a result of further demands for an additional escape-clause, a national security amendment was added on to the Trade Agreements Act. This provides authority for the President to limit imports of any product being imported in such quantities as to threaten to impair the national security. This year the committee bill amends this by spelling out the criteria in great detail and setting procedures. These changes are to be welcomed.

Then there are additional laws to protect American producers against the harmful effects of goods that are subsidized by foreign governments or dumped, that is, sold to us at lower cost than in the country of origin. There are also laws to protect us from goods produced by convicts or slave labor, and also to protect our farm program and farm income.

Mr. Chairman, the reciprocal trade agreements program is not a free trade program. It is one which involves concession in the interest of national and international welfare. It should be continued in the interest of the advancement of both our domestic economy and our vital foreign policy.

Those who are supporting the extension of the program, both the spokesmen for the administration and the spokesmen from the Congress as well as those who speak for business and industry, have lined up on the broad front of national interest. They point out quite properly the importance of trade in the overall economy of the United States and also its importance as a part of United States foreign policy.

Those who oppose the extension and liberalization of the program make their case on the basis of real or imagined injury to industry and business in the United States. The problem of trade agreements, we must acknowledge, is an extremely complicated one. We must credit both those who oppose this measure and those who seek to modify it by way of extension and improvement as sincere in their intention and as concerned about the general welfare of our Nation.

The extremist opponents of reciprocal trade state that it will ruin the American economy. On the other hand, supporters of the bill have in some cases made statements which in my opinion attribute greater power and significance to the trade program than it deserves. The passage of this extension of reciprocal trade is neither a great threat to American industry and business nor is it the final answer to international economic problems. The reciprocal trade program is not a new program. It has been in effect for 24 years. During that time the standard of living in the United States has risen and national production has greatly expanded. The increase in

foreign trade has kept pace with general economic growth. It is difficult to measure exactly the contribution that reciprocal trade has made to the overall growth of our economy. There is every reason, however, to hold that the program has been helpful. In any case, the United States is today the world's greatest trading nation. In 1957 the value of our exports was nearly \$20 billion, while our imports amounted to approximately \$13 billion. In 1957 international trade provided jobs directly for about 4½ million American workers or about 7 percent of the total employed labor force of the country.

The greatest fear of Europe in recent years and in recent months has not been over our trade policy, but rather over the state of our economy. There are certain countries and certain areas of international trade in which liberalization, however, is helpful both from an economic point of view and also from the point of view of foreign policy.

There is, in my opinion, one weakness in the overall trade program and this lies in its failure to provide adequately for those industries which may be hurt as a result of a decision which is based not upon economic questions, but upon the question of foreign policy unrelated to economics. A particular industry and the employees and managers of that industry should not be called upon to bear the whole cost in cases of this kind and to suffer all the consequences. Part of this cost should be borne by the whole American political community. It is not clearly within the jurisdiction of our committee to consider all of the actions that might be necessary in order to provide an adequate program to take care of this difficulty. It is my opinion, however, that the administration and the Congress should give attention to this problem and should develop a comprehensive program involving legislation and administrative action in addition to the trade program. Such a program should include proposals for a more adequate unemployment compensation program, for re-education of workingmen, relocation and rehabilitation of industrial areas, encouragement to reinvestment in areas which have been particularly affected by international trade policy as well as by drastic changes within our own domestic economy.

The need is for a comprehensive program which is adjusted to the needs of our time. We cannot conduct our international economic affairs according to the methods of the last generation. We must face the realities of the situation in which the Communist nations have announced that trade and international exchange are one of the principal devices in the cold war and must prepare for ourselves the necessary methods and economic weapons with which to counteract this movement.

Mr. REED. Mr. Chairman, I yield 7 minutes to the distinguished gentleman from Ohio [Mr. HENDERSON].

Mr. HENDERSON. Mr. Chairman, I greatly appreciate the opportunity at this late hour in the afternoon to stand before you and discuss this legislation. I rise in support of the Simpson substitute. In so doing, I feel I rise in support

of the best interests of America and its continued prosperity. I am confident I rise in support of some of the industries that have been adversely affected in the past by the trade policies of this country.

Since 1789, we have been discussing tariffs and trade in this country and we will probably continue to discuss this important issue for another 169 years. The arguments through the years have been very similar in nature—those of the proponents and those of the opponents. On this tariff issue, we sometimes are inclined to let ourselves be carried away by emotion, by passion and by enthusiasm. When we are discussing legislation, we sometimes like to place the blame for as many of the ills of our Nation as we possibly can upon the legislation that is being discussed or we find in the prospect of new legislation the possibility that those ills may be in some miraculous manner cured. What are some of the ills of which we complain today? One of them is the threat of war. Another is the recession and the threat to our prosperity. Another is the ever present threat of communism. But, the legislation which is before us will do nothing new. The legislation that has been brought to this floor by the committee, the Mills bill, will do nothing new so how can we in it expect to find a solution to our peace and prosperity and the threat of communism? If it has not cowed communism in the years since 1934 and if it has not assured us of freedom from recession in those years and if it has not helped to bring us peace; how can the continuation of the same program help to do that? We have been advised of many dire effects if we fail to enact this legislation. How, why and in what manner can these dire effects come about? We have been told many, many things—enthusiastic statements have been made that this legislation of the committee would preserve jobs for 4½ million people. What would those 4½ million people be doing if this legislation is not extended?

They would still be continuing at the same work they are doing because the extension of the Reciprocal Trade Agreements Act or without it, the trade policies of the United States in the foreseeable future would in all probability remain unchanged. There have been so many deliberate and misleading statements concerning the effect of this legislation. Who are the 4½ million persons? What do they produce? That has not been documented for us. We are being told the sky is falling in. Is it not time that we recognize the true facts and realize that as a Nation we are one of the nations with the lowest or one of the lowest tariffs. That is nearly every situation of multilateral or bilateral agreements with other nations we have come out the loser, with industries by the dozen and workmen by the thousands and millions having been affected. Only a glance at a few will reveal what has happened in the tile industry; in the matter of the coal industry from the importation of residual fuel oil. What has happened to the pottery industry, which has suffered a tariff reduction of about 60 percent; glassware; stainless steel flatware. Those are a few

of the industries that are affected by our policies. Those are just a few of the industries that are in my own district, the 15th District of Ohio.

I once knew a man who was ill, or he imagined that he was. So he started taking medicine. First, one tablespoonful and he was ill again. So he took two tablespoonfuls. Then, three, and finally, half the bottle, and he still was ill until some doctor shook him to the realization that the medicine was what was making him ill.

I strongly submit that some of the evils we have today are from the medicine we are taking. The time has come to stop taking that medicine and look realistically at the problem and take the proper and effective trade legislation.

The CHAIRMAN. The time of the gentleman has expired.

(Mr. WOLVERTON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. WOLVERTON. Mr. Chairman, the reciprocal trade bill now before us brings again the necessity, as it has always done in the many times it has heretofore been before the Congress, for a balancing of the desirable with the undesirable results that have followed in the wake of its administration.

The original purpose of the act, when it first was brought to Congress for consideration seemed to have a degree of merit that entitled it to a right to be tried. The fundamental principle was just what the term "reciprocity" implies, namely, a condition in which there is mutual action, giving and taking between two parties. Thus, when applied to a government trade policy it meant an agreement between two nations in which grants the other special advantages in trade based upon which each receives in return. It was intended to enable each nation to take from each other such articles or subjects of trade that it did not have and in return give what the other nation did not have. This might mean foodstuffs or manufactured goods or anything that could be the subject of commerce.

When thus expressed it seemed fair enough, but, of course, with the further understand that nothing would be done or agreed to that would prove detrimental to our American industries or the workers employed therein.

We might well ask the question why has there been an ever increasing amount of criticism being created against our reciprocal trade policy? An examination of this will show plainly that it is due to the fact that there has been a growing tendency in the administration of the act to give advantages to other nations far out of proportion to what we receive in return. Too frequently this has produced results greatly detrimental to our own industries with consequent loss of employment to our workers. American jobs already have been destroyed by excessive imports. More jobs will be lost if we increase imports.

With each succeeding year more and more of our industries have been adversely affected. Today the number of unemployed in our Nation is giving us

great concern. Of course, I do not contend that all of this unemployment is due to the reciprocal trade agreements our Nation has entered into, but, it is nevertheless true, that much of it can be traced directly to the adverse effect of these agreements. The effect, as well as the purpose, of this reciprocal trade policy is to make it easier for foreign produced goods to enter into country. The result of such a policy is not hard to predict when we consider that foreign wage scales are only a small fraction of the wages paid in this country. In fact, the wages paid abroad in some instances are not more than one-tenth of what is paid in this country, and, in only a few instances is it as much as one-third as much. It is not difficult to see that our workers cannot successfully compete with such underpaid labor. Our industries and our workers cannot succeed in such an unequal competition without our standard of wages and consequent higher standards of living being reduced. This is unthinkable. It is our duty to protect our American industries and our workers against farther inroads from this unequal foreign competition.

It is my opinion the present bill reported by the Committee on Ways and Means does not give the assurance of protection our industries and workers are entitled to. The Simpson substitute bill does give promise of some protection. It should be adopted. And, in the event of its defeat then the House should recommit the Mills' bill now before the House to the Committee on Ways and Means for further study.

My views in this respect continue to be the same as I expressed in the remarks I made in the House on February 18, 1955, when I said:

The time has come when we should call a halt in the giveaway program of America. The giving away of our market to the nations of the world can only result in disaster to the standard of living of our own workers.

It is highly important that we stop and give careful consideration to the adverse effect that legislation such as this now before us can have on our own economy. The time for sentimental considerations, alone, in formulating our foreign policy is fast passing. The time for practical and hardheaded consideration is upon us. Do not let us overlook the necessity of keeping American industry alive if our workers are to be kept at work.

Whatever may be said as to some of the good features of a reciprocal policy, nevertheless, the fact remains crystal clear that there are provisions in this bill that should be changed to protect American industry and our workers.

Today, the situation that confronts us is critical. The extension of the Reciprocal Trade Act for a period of 5 years is unwise in this time of unsettled conditions. Congress should not tie the hands of future Congresses until 1963. The subject is one that requires constant and careful consideration. Therefore, I shall vote against the committee bill as presently before the House.

Mr. MILLS. Mr. Chairman, I yield the remainder of the time to the gentleman from Virginia [Mr. HARRISON].

The CHAIRMAN. The gentleman from Virginia is recognized for 8 minutes.

Mr. HARRISON of Virginia. Mr. Chairman, I rise to reply to the speech made today by the gentleman from Louisiana [Mr. Boggs]. He referred to our distinguished colleague from Pennsylvania [Mr. SIMPSON] as the "Smoot-Hawley ripperdipper." I resent that. The gentleman from Louisiana maligns our colleague from Pennsylvania.

The bill offered by our colleague from Pennsylvania goes so much further and restricts American trade to such a vastly greater degree that he makes Dr. Smoot look like Adam Smith. I say if we are going to refer to the gentleman from Pennsylvania as the "Smoot-Hawley ripperdipper," we should refer to his bill as the "Simpson superduper Smoot-Hawley ripperdipper." In addition to that, he said the gentleman from Pennsylvania was trying to turn back the clock 25 years. Perhaps so, but he also has made out of the Smoot-Hawley restrictive provisions a new set of handcuffs for American commerce of 1958 and the future. Therefore, I say, Mr. Chairman, that if for any reason any Member cannot support this committee bill, then I urge that the entire program be allowed to die, rather than adopt the "Simpson superduper Smoot-Hawley ripperdipper." It would be less of a blow to American trade and commerce to let the entire program die. I charge that the Simpson bill is designed and intended to be, and as a matter of fact is, more restrictive than the Smoot-Hawley Tariff Act of 1930.

I charge that the enactment of this bill will be followed by a depression as certainly as the enactment of the Smoot-Hawley Act during a recession about equal to this was followed by the great depression of the thirties.

American industry, transportation, and trade might get along without any reciprocal-trade program, but they will die strangled in cobwebs if this Congress enacts the Simpson-Smoot-Hawley super-duper, ripper-dipper. American agriculture, which exports 15 percent of all its products, may bear up with no program, but enactment of this substitute will plunge our farmers into economic despair. It will pile up surpluses in our warehouses and it will make the cost of farm programs so high that it will strain the capacity of the taxpayers to meet it.

I realize that our colleagues, Farmer SIMPSON from Pennsylvania, and Farmer DORN from South Carolina dispute this, but I believe that the president of the American Farm Bureau Federation is a witness to whom this Congress can afford to give some heed. He has denounced the Simpson bill and says, I quote his words:

It is not in the best interest of agriculture or the national economy.

Mr. Shuman goes on to say:

Not only does this bill destroy the reciprocal-trade program, but it undermines and makes unworkable section 22 as it applies to agricultural programs.

The National Farmers' Union has denounced the Simpson bill and says that between it and the committee bill it is 100 percent for the committee bill.

The statement was made that agriculture has a stake of \$4½ billion in this program, and that statement has been challenged. I have here and will put into the record the statement of the president of the American Farm Bureau Federation that agriculture does have a \$4½ billion stake in this measure.

The Simpson bill, insofar as agriculture is concerned, would mean more investigation and more quota restrictions. It provides for possible complete embargoes; and section 9 is designed injuriously to cut back much of agriculture's international trade.

The American farmer will not forgive us if we strike him this blow from behind. The Simpson bill is designed to restrict and straitjacket American trade and commerce. This Nation produces more than the American people can consume. We must not destroy the markets for this surplus.

In conclusion let me say one more word about this Simpson super-duper, Smoot-Hawley ripper-diller. The Smoot-Hawley bill was satisfied with the highest rates in American history, but the authors of this substitute are not satisfied with them.

Mr. SIMPSON of Pennsylvania. I wonder if the gentleman would yield to me?

Mr. HARRISON of Virginia. If I have time.

Mr. SIMPSON of Pennsylvania. Does the gentleman have time to yield?

Mr. HARRISON of Virginia. I yield to the gentleman very briefly.

Mr. SIMPSON of Pennsylvania. I want the gentleman to recall when he speaks of Mr. SIMPSON's bill as a super-duper, that this piece of legislation would make unnecessary the kind of legislation the gentleman sponsored to protect his own carpet industry.

Mr. HARRISON of Virginia. That was a lowering of the tariff.

The very fact that the gentleman from Pennsylvania supports this measure in preference to letting the program die is proof that it is more restrictive. The authors of the Simpson bill are not satisfied with the provisions of the Smoot-Hawley bill but want a 50-percent increase in them. They are not even satisfied with that but want to go ahead and fasten onto American trade and American agriculture quantity quotas and embargoes.

Therefore, I say if you cannot support the committee bill, for God's sake, let the program die before you put this bill on the statute books.

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., June 5, 1958.

HON. BURR P. HARRISON,
House of Representatives,
Washington, D. C.

DEAR MR. HARRISON: Foreign markets accounted for over \$4.7 billion worth of our farm products last year. This is about 15 percent of domestic output. It is clear that we need to maintain and develop these foreign markets. We hope you will remember the importance of keeping international trade at a high level and support H. R. 12591, the Trade Agreements Extension Act of 1958 (the Mills bill).

A long-term extension of the reciprocal trade agreements program is important to

farmers in Virginia. Last year United States fruit exports went over \$230 million. Tobacco shipments ran more than \$400 million. Farm Bureau considers this legislation fundamental to the development and maintenance of long-term permanent dollar markets.

The substitute Simpson bill, H. R. 12676, is not in the best interests of the agricultural or the national economy. We believe that not only does this bill destroy the reciprocal trade agreements program, but it undermines and makes unworkable section 22 as it applies to agricultural programs.

We have presented to the House Ways and Means Committee a comprehensive statement on the reciprocal trade agreements program. Most of our recommendations are contained in H. R. 12591.

We are attaching to this letter a brief analysis of some of the adverse effects the Simpson bill would have on the reciprocal trade agreements program, with special emphasis on agriculture.

Sincerely yours,

CHARLES B. SHUMAN,
President.

ANALYSIS OF THE SIMPSON BILL, H. R. 12676

The Simpson bill, proposed as a substitute to the Trade Agreements Extension Act of 1958, H. R. 12591 (the Mills bill), is not in the best interests of American agriculture because—

1. Although section 22 is designed to protect domestic agricultural programs from material interference by imports, the Simpson bill permits section 22 actions to be initiated other than by the Secretary of Agriculture. This is in effect short-cutting the Department of Agriculture on section 22 actions (p. 18, line 4).

2. The Simpson bill makes Tariff Commission findings on section 22 binding on the President and does not allow the President to use his discretion with the advice of the Secretary of Agriculture when applying import restrictions (p. 19, line 1).

3. The standards set up for designating products which are being imported are so vague as to be impossible of proper administration (p. 20, lines 5-11).

4. The vagueness of such standards, together with the inevitable increase in import restrictions, would undoubtedly result in retaliatory measures being taken on United States agricultural exports by other countries (p. 19, lines 2-13).

5. The bill would bind the President to Tariff Commission recommendations which would become, in fact, directives to the President, without regard to the broad national interest or requirements of foreign policy. It is special-interest legislation which attempts to enact a guaranteed share of the market to certain industries regardless of future United States requirements or changes in the preference of American consumers.

(Page and line references are to sec. 9 (b) (1) of the so-called Simpson bill, H. R. 12511.)

The CHAIRMAN. The time of the gentleman from Virginia has expired; all time for general debate has expired.

Mr. MILLS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 12591, had come to no resolution thereon.

CORRECTION OF RECORD

Mr. WHITENER. Mr. Speaker, I ask unanimous consent that the RECORD for Monday, June 9, be corrected at line 20, page 9051, center column, which now reads, "dropped to 1,700 million square." This should read, as it was said by me, "dropped to 10,700 million square."

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

HOOR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

AIR TRAGEDIES BETWEEN CIVILIAN AND MILITARY AIRPLANES

(Mrs. GREEN of Oregon (at the request of Mr. EDMONDSON) was given permission to extend her remarks at this point in the RECORD and to include extraneous matter.)

Mrs. GREEN of Oregon. Mr. Speaker, the recent series of air tragedies between civilian and military planes have caused many people throughout the land to become greatly concerned about the seeming lack of control of our air space. This is particularly true in the case of those whose occupations require them to make extensive use of air transportation. Under unanimous consent I ask to have inserted in the CONGRESSIONAL RECORD a sampling of the letters I have received on this important subject advocating that immediate action be taken.

The letters follow:

CROWN ZELLERBACH CORP.

Portland, Oreg., May 29, 1958.

The Honorable EDITH S. GREEN,
House of Representatives,
Washington, D. C.

DEAR MRS. GREEN: I hope you won't mind my writing you about the recent accidents involving military jet planes and commercial aircraft.

I have been deeply concerned about this, and have the strong conviction that airway traffic control is one of our more important problems. From what I have read and from what I have gained in discussions with others, it seems that this can best be solved by placing the responsibility in the hands of a single agency.

While I don't know the number of the bill, I understand that the Congress will shortly consider legislation to create a Federal Aviation Agency, charged among other things with the responsibility for air traffic control and air traffic rules, with authority over both civilian and military aircraft. I feel this makes good sense, and I earnestly hope that this legislation will have your support.

Yours very truly,

JOHN M. FULTON.

LOGGERS & CONTRACTORS

MACHINERY Co.,

Portland, Oreg., May 28, 1958.

The Honorable EDITH GREEN,
Old House Office Building,
Washington, D. C.

DEAR CONGRESSWOMAN GREEN: No doubt you as well as I have been appalled by the terrible air tragedies of the last few months, involving military personnel and civilian airlines. I refer particularly to the catastrophe over Las Vegas.

The writer can understand why Congress is forced to deliberate at some length on matters of national policy. However, when human lives are involved, it does not seem to me it would be necessary to debate for any such great length of time. It seems to me that you people who are in the know could sit down, regardless of party lines or who gets the credit for what, and pass some sort of a bill that will delegate a single authority to control the growing air traffic of our country.

Here in Portland we are going to witness a tragedy of our own some of these days, with these new jets screaming throughout the air at tremendous speeds, and possibly in the hands of only trainees. When that time comes, if some protective legislation has not been passed by Congress, responsibility is theirs, and that responsibility will hang heavily over their heads.

I leave to you the type of legislation (but we on the sidelines cannot condone political delays, which they seem to us to be) to do something in the way of new legislation that will prevent these terrible accidents.

Sincerely yours,

A. F. SERSANOUS,
President.

PORTLAND, OREG., May 27, 1958.

Representative EDITH GREEN,
Washington, D. C.

DEAR MRS. GREEN: In my business it is necessary to travel by air often. Therefore, it is natural that air accidents like the recent midair collisions have caused a good deal of uneasiness in my family. I am concerned over my safety and that of my family, who occasionally travel with me, while we are in the air. This is what prompts me to write you.

I understand that legislation has been introduced, or shortly will be introduced, to establish a single Federal agency to regulate all air traffic. It seems to me that this legislation is vitally important to air safety in our country and should be passed immediately. I sincerely hope that you are in favor of this legislation and will do all you can to speed up its enactment.

Sincerely yours,

LOWELL BUYS.

RAY SMYTHE Co.,

Portland, Oreg., May 27, 1958.

Mrs. EDITH GREEN,
United States Representative,
House of Representatives,
Washington, D. C.

DEAR REPRESENTATIVE GREEN: It is, of course, of vital interest to every air traveler to feel that he is safe when he gets in any of the scheduled airliners. The recent uncalled for air collisions certainly creates an emergency which should be corrected without delay.

I understand that the Congress is now considering creating a Federal Aviation Agency which would take over complete control of all air activities and aim to control all traffic.

It seems to me that any program to make the air travel safe beyond reasonable doubt should have emergency legislation. On the ground you can make a few mistakes and still live, but you cannot make one mistake in the air and live to tell the tale. I hope

that our legislators appreciate this situation and will lend their full support to some foolproof legislation which will control traffic safely.

Yours very truly,

RAY SMYTHE.

BULLIER & BULLIER,

Portland, Oreg., May 27, 1958.

Hon. EDITH GREEN,
United States Representative,
House Office Building,
Washington, D. C.

DEAR MRS. GREEN: Many of us who are constantly using the airlines for transportation are deeply concerned over the unmistakable hazard in connection with flying due, in part, to the divided authority in air traffic.

Anything you can do to further the unification of both civil and military air traffic control authority will be greatly appreciated among the business people who are constantly traveling by air and who keenly feel the necessity of additional safety measures.

I personally feel that we can depend upon you to concern yourself with the enactment of legislation which will bring about safer conditions for those of us who travel by air, as well as alleviate worry and create peace of mind. I, for one, will think of you in this connection every time I board a plane.

Thanks sincerely for anything you can do to help solve this problem.

Very sincerely yours,

LEON H. BULLIER.

GEORGIA-PACIFIC CORP.,

Portland, Oreg., June 6, 1958.

Hon. EDITH GREEN,
House of Representatives,
Washington, D. C.

MY DEAR MRS. GREEN: As a frequent and regular user of commercial air travel service and speaking for the personnel of our firm who log many thousands of miles each month on commercial airlines, I am writing to ask that you take whatever action is necessary to secure prompt and favorable consideration of legislation for the creation of a Federal aviation agency to provide for unified air traffic control.

The tragic accidents of United Air Lines in a collision with a jet military aircraft over Las Vegas on April 21, resulting in a loss of 49 lives, and the collision of Capital Air Lines with a military jet aircraft over Brunswick, Md., on May 20, resulting in a loss of 12 lives, certainly seem to be argument enough that we are badly in need of single, unified, coordinated control of the use of the airplanes by all aircraft, commercial, military, and private. With a steady increase in traffic, it can only be expected that air travel will become more hazardous unless a completely coordinated control of all air traffic is developed.

It is our understanding that to bring about a single, coordinated control of the airlines legislation will be necessary, and we further understand that bills to provide for such legislation have been introduced in the Senate by Senator MONRONEY and in the House by Congressman HARRIS. We urge your support of these bills and ask that you do whatever necessary to secure their prompt passage so that coordinated air traffic may become a reality at the earliest possible date.

With best regards.

Sincerely,

R. B. PAMPLIN,
President.

MAYTAG NORTHWEST CO.,

Portland, Oreg., June 4, 1958.

Congresswoman GREEN,
Old House Office Building,
Washington, D. C.

DEAR CONGRESSWOMAN: This company is responsible for the distribution of Maytag products for the Northwestern States and the

Territory of Alaska. The performance of these responsibilities require air travel by all of our key personnel. We have a deep interest in the safety for air travel, not only for ourselves and our business, but for the Nation.

I know that because of the importance of air travel to your constituents, you are both interested and active in studies relating to the proper control of air travel, but I would like to add my personal interest to those you have already evidenced.

I have neither the information nor the imagination required to suggest proper controls, but I strongly urge that you use those available to you.

Respectfully,

A. R. HUGHES,
President.

THE UNITED STATES NATIONAL BANK,

Portland, Oreg., June 5, 1958.

The Honorable EDITH GREEN,
House of Representatives,
Washington, D. C.

DEAR MRS. GREEN: The recent catastrophic accident involving a collision between military and commercial airplanes, and resulting in dire loss of life, seems to me to leave no alternative for thorough consideration and action.

The one first step that I can envision in solving this problem is to set up a Federal Agency which will regulate all air traffic.

I travel a great deal by air and feel personally the need for immediate action.

I am sure of your support of legislation to this end.

Sincerely,

MARSHALL N. DANA,
Member, 100,000 Mile Club.

PORTLAND, OREG., May 27, 1958.

The Honorable MRS. EDITH GREEN,
United States Representative, House
Office Building, Washington, D. C.

MY DEAR REPRESENTATIVE GREEN: America—always outstanding in its regard for the individual—is, at present, making a poor record.

Because stupidly un-unified air control is needlessly and ruthlessly causing loss of American lives we, your constituents, must join you in hanging our heads in shame.

I shall appreciate noting your stimulation and support of measures, operative immediately, to curb the present waste of American lives through air collisions. The Federal Agency promised for January, 1960, will not safeguard American lives in 1958 and 1959.

Yours in helping Americans to stay alive.
B. L. CREWDSON.

OREGON HEART ASSOCIATION, INC.,

Portland, Oreg., May 27, 1958.

Hon. EDITH GREEN,
House Office Building,
Washington, D. C.

DEAR MRS. GREEN: Today I received a letter from Mr. W. A. Patterson, president of United Airlines, outlining pending legislation in Congress to create a Federal aviation agency for the purpose of coordinating efforts toward air traffic control and air traffic rules.

As a member of the 100,000 Mile Club, and a passenger who is very interested in air safety, I should like to inform you that I strongly favor the enactment of this legislation.

Sincerely,

GENE MALECKI,
Executive Director.

PORTLAND, OREG., May 27, 1958.

The Honorable EDITH GREEN,
House of Representatives,
House Office Building,
Washington, D. C.

MY DEAR MRS. GREEN: I am sure that you are as interested and concerned with the air

traffic control problem that faces the air transportation industry as we are. It is my feeling that at least until certain technical problems can be resolved, one single agency, with complete authority for air traffic control, should be established.

Very truly yours,

G. H. MACOMBER.

UNIVERSITY OF OREGON

MEDICAL SCHOOL,

DEPARTMENT OF MEDICINE,

Portland, Oreg., May 29, 1958.

The Honorable EDITH GREEN,
House of Representatives,
Office Building, Washington, D. C.

DEAR MRS. GREEN: As a frequent user of the commercial airlines, I, along with millions of others, I am sure, have become very concerned about the midair collisions—particularly between civilian and military planes. I have long felt that there has been too much inertia connected with the development of modern methods of air control, and I do not feel that the civilian users of the airlines have been properly informed of the problems or the progress that may have been made. The most that we have received and noted in the public press has been concerned with very vague expressions of plans or problems. I thoroughly approve of the President's active role in getting something done in this field now without the inordinate delay that seems to be connected with the ponderous movement of the nowexisting Government agencies.

Mr. W. A. Patterson, president of the United Air Lines, sent to me a letter which he sent to all members of the 100,000 Mile Club, to which I belong. In this he clearly outlined the multiple agencies and the conflicting interests that now are trying to solve this problem. It is perfectly obvious that if we operate this way, that many years will elapse before anything sensible is accomplished.

Mr. Patterson pointed out that there is to come before the Congress some legislation intended to create a Federal aviation agency to bring all these agencies under one jurisdiction. Certainly this seems to be a highly sensible and long needed action, and it appears to me to be the only way to accomplish speedily what needs to be done.

I am writing to you to let you know that I, as one of your constituents, am deeply interested in this and would hope, if the legislation is well drawn and sensible, that you will see fit to support it.

Sincerely yours,

HOWARD P. LEWIS, M. D.,
Professor of Medicine.

YEAGER-SLEIGHT CO.,

Portland, Oreg., June 2, 1958.

The Honorable EDITH GREEN,
Congresswoman, Third District, State
of Oregon, House of Representatives,
Washington, D. C.

DEAR MRS. GREEN: I am a private businessman and yet have over 6,000 hours of flying time and am deeply concerned about these two recent crashes concerning jet military aircraft with commercial airliners.

It seems to me that a single Federal agency should be immediately set up to control all airways traffic, and I certainly would appreciate your doing everything in your power to bring this about at once.

I understand that the Congress is ready to consider legislation intended to create a Federal aviation agency to be headed by an administrator in charge of aircraft control, but I think that this action should be taken now in order to avoid any future disasters such as we have experienced of late.

Any action on your part in this matter will be deeply considered by myself and many other voters who are behind you.

Cordially yours,

A. W. SLEIGHT.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 12, 1958
For actions of June 11, 1958
85th-2d, No. 94

CONTENTS

Agricultural exemption...7		
Appropriations.....6,12,16		
Banking currency.....22	Foreign trade.....1,13,19	Price support.....26
Committee assignments....4	Government ethics.....24	Reclamation.....29
Contracts.....27	Housing.....8,25	Research.....8,17
Corn.....17	Legislative program...6,16	Small business.....21
Dairy industry.....20	Livestock.....18	Statehood.....5
Defense production.....2	Marketing.....26	Taxation.....17
Disaster loans.....12	Minerals.....14	Transportation.....7,9
Economic situation.....15	Peanuts.....26	Water compact.....23
Electrification.....11	Personnel.....3	Wildlife.....10,28

HIGHLIGHTS: Senate passed omnibus transportation bill. Senate passed State-Justice appropriation bill. House passed trade agreements bill.

HOUSE

1. FOREIGN TRADE. Passed with amendment, 317 to 98, H. R. 12591, to extend the authority of the President to enter into trade agreements. pp. 9773-83, 9825, 9826
Rejected, 147 to 234, an amendment by Rep. Simpson, Pa., to substitute the text of his bill, H. R. 12676, which would have extend the Trade Agreements Act for only two years and further restricted the President's authority to enter into trade agreements. pp. 9776-81
Rejected a motion by Rep. Hoffman that the bill be reported back to the House with a recommendation that the enacting clause be stricken. pp. 9780-81
Rejected, 146 to 268, a motion by Rep. Reed that the bill be recommitted to the Ways and Means Committee. p. 9782
2. DEFENSE PRODUCTION. The Banking and Currency Committee ordered reported H. R. 10969, to extend the Defense Production Act until June 30, 1960. p. D528
3. PERSONNEL. The Post Office and Civil Service Committee reported without amendment S. 1901, to grant overtime pay for irregular and unscheduled hours of work beyond regular tours of duty (for fire fighters, etc.) (H. Rept. 1870). p. 9827

4. COMMITTEE ASSIGNMENTS. Rep. James resigned from the Appropriations Committee. Rep. Cederberg was elected to the Committee. p. 9783
5. STATEHOOD. Both Houses received petitions from the city and county clerk of Honolulu, Hawaii, favoring statehood for both Hawaii and Alaska. pp. 9828, 9692
6. LEGISLATIVE PROGRAM. Rep. McCormack announced that the public works appropriation bill will probably be considered today, June 12. p. 9784

SENATE

7. TRANSPORTATION. Passed with amendments S. 3778, to strengthen and improve the national transportation system (pp. 9715-22, 9735-67).
The bill includes a provision regarding the agricultural exemption clause of the Interstate Commerce Act, which was discussed in the committee report as follows:
"The committee favors a 'freeze' of the present status of the exemption recommended by the subcommittee. The committee further agrees that the 'freeze' should be on the basis of ruling No. 107, March 19, 1958, Bureau of Motor Carriers, Interstate Commerce Commission, with the exception recommended by the subcommittee that the transportation of frozen fruits, frozen berries, and frozen vegetables be made subject to ICC regulation. Since ruling No. 107 does not list the items, such as fresh fruits and vegetables, about which there has been no controversy, the subcommittee language requires revision to reflect this condition.
"Further, the committee was in agreement that the subcommittee's language that 'imported agricultural products,' as distinguished from those produced domestically, be subjected to economic regulation should be eliminated. The problems engendered by commingling such imported products with domestic agricultural products, making the whole subject to regulation, would, in the committee's opinion, more than offset any gains to be made by subjecting imported agricultural products to regulation by the Commission."
Rejected an amendment by Sen. Beall, to exempt transportation of frozen fruits and vegetables from ICC regulation (pp. 9744-5, 9764).
8. HOUSING. The "Daily Digest" states that the Banking and Currency Committee approved for reporting by midnight, June 18, a clean bill entitled "Housing Act of 1958." As approved, the bill would "liberalize FHA insurance programs," "authorize a revolving fund of \$250 million to finance a new loan program to authorize the Housing Administrator to make loans to educational institutions for the construction of new, or rehabilitation of existing classrooms, laboratories, and related facilities, including equipment and utilities," and include provisions for "farm housing research, and surveys of public works plans. pp. D526-27
9. TRANSPORTATION. The Interstate and Foreign Commerce Committee ordered reported with amendment S. 3916, to extend for 2 years provisions of the Shipping Act of 1916 relating to dual rate contract arrangements. p. D527
10. WILDLIFE. The Interstate and Foreign Commerce Committee ordered reported with amendments S. 3185, to promote the conservation of migratory fish and game by requiring approval by the Secretary of the Interior of licenses issued under the Federal Power Act, and S. 3725, to promote the conservation of wildlife, fish, and game. p. D527

House of Representatives

WEDNESDAY, JUNE 11, 1958

The House met at 10 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Nahum 1: 7: *The Lord is good, a stronghold in the day of trouble.*

Eternal God, our Father, we thank Thee for the many material and spiritual blessings with which Thou art daily enriching and gladdening our lives.

May we never doubt Thy greatness and goodness but always look unto Thee with faith and confidence.

We humbly confess that in the hurry and rush of modern life we so frequently forget Thee and yield to worry and anxiety.

Grant that in the thought and toil of this day we may be strengthened and sustained by Thy divine grace.

Give us courage for hard circumstances, light when we go through dark valleys, and that peace which passeth all understanding.

To Thy name we ascribe all the praise. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 7261. An act to amend the Federal Probation Act to make it applicable to the United States District Court for the District of Columbia; and

H. R. 7953. An act to facilitate and simplify the work of the Forest Service, and for other purposes.

The message also announced that the Senate has passed, with amendments in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H. J. Res. 624. Joint resolution making additional supplemental appropriations for the Department of Labor for carrying into effect the provisions of the Temporary Unemployment Compensation Act of 1958, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 12540. An act making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1959, and for other purposes.

The message also announced that the Senate insists upon its amendments to

the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HOLLAND, Mr. ELLENDER, Mr. MAGNUSON, Mr. STENNIS, Mr. JOHNSON of Texas, Mr. PASTORE, Mrs. SMITH of Maine, Mr. BRIDGES, Mr. KNOWLAND, Mr. THYE, and Mr. POTTER to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 135. Joint resolution providing for the construction by the Department of the Interior of demonstration plants for the production, from saline or brackish waters, of water suitable for agricultural, industrial, municipal, and other beneficial consumptive uses.

Mr. LANE asked and was given permission to extend his remarks at this point.

Mr. LANE'S remarks will appear hereafter in the Appendix.]

THE FORGOTTEN MEN OF 1958

Mr. EDMONDSON asked and was given permission to extend his remarks at this point.)

Mr. EDMONDSON. Mr. Speaker, the committee bill for extension of reciprocal trade for 5 years contains only a faint and slender hope for the one major American industry which has twice qualified for relief under the escape clause, without obtaining that relief. I speak of the depressed lead and zinc industry of the United States.

For 4 years now I have been telling the hard-hit lead and zinc miners and smelter workers of Oklahoma, "Seek your statutory relief under the escape clause, and give this law a chance."

Twice the industry has gone to the Tariff Commission, since 1953.

Twice the Commission has unanimously found that it is being injuriously disturbed by foreign imports, and is in need of relief under the escape clause.

The lead and zinc industry still seeks the relief the law says it is entitled to, but to the unemployed workmen of the industry, the escape clause and reciprocal trade have become mocking and empty symbols of their frustration.

The one faint hope held forth by the committee bill—that Congress might override continued Executive rejection by a two-thirds vote—could evaporate into thin air if the President announced a decision before signing this bill. Then no congressional veto could be in order until a new case had been made before the Commission—which would mean at

least 6 more months of unemployment and bankruptcy in America's lead and zinc industry. These miners are apparently the forgotten men of this 1958-extension bill.

Mr. Speaker, this failure by the committee to recognize a manifest and intolerable injustice under the program makes it impossible for me to support this bill.

The Congress has an obligation to make the escape clause meaningful, or to provide a substitute for it.

That obligation, in my opinion, is not discharged in this bill.

CALL OF THE HOUSE

Mr. WALTER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 93]

Auchincloss	Dorn, N. Y.	Powell
Breeding	Gregory	Radwan
Buckley	Griffiths	Robeson, Va.
Christopher	Jenkins	Shelley
Clark	Kearney	Shuford
Denton	Lafore	
Dies	Morris	

The SPEAKER. On this rollcall 403 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF TRADE AGREEMENTS

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 12591, with Mr. BOLLING in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, all time for general debate on the bill had expired. Under the rule, the bill is considered as having been read for amendment.

No amendments are in order to the bill except the amendments offered by direction of the Committee on Ways and Means or an amendment proposing to strike out all after the enacting clause and insert in lieu thereof the text of the bill, H. R. 12676. Such amendments shall not be subject to amendment.

The bill is as follows:

Be it enacted, etc., That this act may be cited as the "Trade Agreements Extension Act of 1958."

Sec. 2. The period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), is hereby extended from the close of June 30, 1958, until the close of June 30, 1963.

Sec. 3. (a) Subsection (a) of section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is amended as follows:

(1) Paragraph (2) (A) is amended by striking out "January 1, 1945" and by inserting in lieu thereof "July 1, 1934".

(2) Paragraph (2) (D) is amended by inserting "and before July 1, 1958," after "June 12, 1955."

(3) The last sentence of paragraph (2) (D) (ii) is amended by striking out "section 402 of this act (as in effect" and inserting in lieu thereof "section 402 or 402a of this act (as in effect, with respect to the article concerned."

(4) Paragraph (2) is amended by adding at the end thereof the following new subparagraph:

"(E) In order to carry out a foreign trade agreement entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the rates provided for in paragraph (4) (A) of this subsection."

(5) Paragraph (3) (A) is amended (A) by striking out "of subparagraphs (B) and (C) of this paragraph," and by inserting in lieu thereof "of subparagraphs (B) and (C) of this paragraph and of subparagraph (B) of paragraph (4) of this subsection," and (B) by striking out "suspension under paragraph (4)" and by inserting in lieu thereof "suspension under paragraph (5)".

(6) Paragraph (3) (D) is amended by striking out "paragraph (2) (C) or (D)" and by inserting in lieu thereof "paragraph (2) (C) or (D) or paragraphs (4) (A) or (B)".

(7) Paragraphs (4) and (5) are renumbered as paragraphs (5) and (6), respectively.

(8) Subsection (a) is amended by inserting after paragraph (3) the following new paragraph:

"(4) (A) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made, in order to carry out a foreign trade agreement entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the following rates:

"(i) The rate which would result from decreasing the rate existing on July 1, 1958, by 25 percent of such rate.

"(ii) Subject to paragraph (2) (B) of this subsection, the rate 2 percent ad valorem below the rate existing on July 1, 1958.

"(iii) The rate 50 percent ad valorem or, in the case of any article subject to a specific rate of duty or to a combination of rates including a specific rate, any rate (or combination of rates), however stated, the ad valorem equivalent of which has been determined as 50 percent ad valorem.

The provisions of clauses (ii) and (iii) of this subparagraph and of subparagraph (B) (ii) of this paragraph shall, in the case of any article subject to a combination of ad valorem rates of duty, apply to the aggregate of such rates; and, in the case of any article subject to a specific rate of duty or to a combination of rates including a specific rate, such provisions shall apply on the basis of the ad valorem equivalent of such rate or rates, during a representative period

(whether or not such period includes July 1, 1958), determined in the same manner as the ad valorem equivalent of rates not stated wholly in ad valorem terms is determined for the purpose of paragraph (2) (D) (ii) of this subsection.

"(B) (i) In the case of any decrease in duty to which clause (i) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than five annual stages, and no amount of decrease becoming initially effective at one time shall exceed 10 percent of the rate of duty existing on July 1, 1958, or, in any case in which the rate has been increased since that date, exceed such 10 percent or one-third of the total amount of the decrease under the foreign trade agreement, whichever is the greater.

"(ii) In the case of any decrease in duty to which clause (ii) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than five annual stages, and no amount of decrease becoming initially effective at one time shall exceed 1 percent ad valorem or, in any case in which the rate has been increased since July 1, 1958, exceed such 1 percent or one-third of the total amount of the decrease under the foreign trade agreement, whichever is the greater.

"(iii) In the case of any decrease in duty to which clause (iii) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than five annual stages, and no amount of decrease becoming initially effective at one time shall exceed one-third of the total amount of the decrease under the foreign trade agreement.

"(C) In the case of any decrease in duty to which subparagraph (A) of this paragraph applies, no part of a decrease after the first part shall become initially effective (i) until the immediately previous part shall have been in effect for a period or periods aggregating not less than 1 year, nor (ii) after the first part shall have been in effect for a period or periods aggregating more than 4 years. If any part of a decrease has become effective, then any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the 4-year period expires."

(b) Subsection (b) of section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (b)), is amended (1) by striking out "exclusive" in the first sentence, and (2) by amending paragraph (2) to read as follows:

"(2) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, below the applicable alternative specified in subsection (a) (2) (C) or (D) or (4) (A) (subject to the applicable provisions of subsection (a) (3) (B), (C), and (D) and (4) (B) and (C)), each such alternative to be read for the purposes of this paragraph as relating to the rate of duty applicable to products of Cuba. With respect to products of Cuba, the limitation of subsection (a) (2) (D) (ii) or (4) (A) (iii) may be exceeded to such extent as may be required to maintain an absolute margin of preference to which such products are entitled."

(c) Paragraph (2) (A) of subsection (c) of section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (c) (2) (A)), is amended by striking out "existing on January 1, 1945" and "existing on January 1, 1955" and by inserting in lieu thereof "existing on July 1, 1934," "existing on January 1, 1945," "existing on January 1, 1955," and "existing on July 1, 1958."

(d) Paragraph (1) of subsection (e) of section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (e) (1)), is amended by inserting after "(including the incorporation therein of escape clauses),"

the following: "the results of action taken to obtain removal of foreign trade restrictions (including discriminatory restrictions) against United States exports, remaining restrictions, and the measures available to seek their removal in accordance with the objectives of this section."

(e) Section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), is amended by adding at the end thereof the following new subsection:

"(f) It is hereby declared to be the sense of the Congress that the President, during the course of negotiating any foreign trade agreement under this section, should seek information and advice with respect to such agreement from representatives of industry, agriculture, and labor."

SEC. 4. (a) The third sentence of subsection (a) of section 3 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1360 (a)), is amended by striking out "120 days" and inserting in lieu thereof "six months." The last sentence of such subsection is amended by striking out "120-day" and inserting in lieu thereof "6-month."

(b) Subsection (b) of section 3 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1360 (b)), is amended by adding at the end thereof the following new sentence: "If in the course of any such investigation the Commission shall find with respect to any article on the list upon which a tariff concession has been granted that an increase in duty or additional import restriction is required to avoid serious injury to the domestic industry producing like or directly competitive articles, the Commission shall promptly institute an investigation with respect to that article pursuant to section 7 of this act."

SEC. 5. (a) The first paragraph of subsection (a) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (a)), is amended by striking out "any interested party" and inserting in lieu thereof "any interested party (including any organization or group of employees)."

(b) (1) The first paragraph of section 7 (a) of such act is amended by striking out "9 months" and inserting in lieu thereof "6 months."

(2) The amendment made by paragraph (1) shall apply only with respect to applications made after the date of the enactment of this act.

(c) Section 7 of the Trade Agreement Extension Act of 1951, as amended (19 U. S. C., sec. 1364), is amended by adding at the end thereof the following new subsection:

"(f) In carrying out the provisions of this section the President may, notwithstanding section 350 (a) (2) of the Tariff Act of 1930, as amended, imposed a duty not in excess of 50 per centum ad valorem on any article not otherwise subject to duty."

SEC. 6. Subsection (c) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (c)), is amended by inserting "(1)" after "(c)" at the beginning thereof, and by adding at the end thereof the following:

"(2) The action so found and reported by the Commission to be necessary shall take effect (as provided in the first sentence of paragraph (1) or in paragraph (3), as the case may be) —

"(A) if approved by the President, or

"(B) if disapproved by the President in whole or in part, upon the adoption by both Houses of the Congress (within the 60-day period following the date on which the report referred to in the second sentence of paragraph (1) is submitted to such committees), by the yeas and nays by a two-thirds vote of each House, of a concurrent resolution stating in effect that the Senate and House of Representatives approve the action so found and reported by the Commission to be necessary.

For the purposes of subparagraph (B), in the computation of the 60-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die.

"(3) In any case in which the contingency set forth in paragraph (2) (B) occurs, the President shall (within 15 days after the adoption of such resolution) take such action as may be necessary to make the adjustments, impose the quotas, or make such other modifications as were found and reported by the Commission to be necessary."

Sec. 7. (a) The following subsections of this section are enacted by the Congress:

(1) As an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in such House in the case of resolutions (as defined in subsection (b)); and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) With full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time in the same manner, and to the same extent as in the case of any other rule of such House.

(b) As used in this section, the term "resolution" means only a concurrent resolution of the two Houses of Congress, the matter after the resolving clause of which is as follows: "That the Senate and House of Representatives approve the action—

"(1) found and reported by the United States Tariff Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, in its report to the President dated , 19 ,

on its escape-clause investigation numbered under the provisions of section 7 of the Trade Agreement Extension Act of 1951, as amended (19 U. S. C., sec. 1364), and

"(2) disapproved by the President in whole or in part in his report (dated , 19

) pursuant to the second sentence of paragraph (1) of section 7 (c) of such act.", the blank spaces therein being appropriately filled; and does not include a concurrent resolution which specifies more than one such investigation.

(c) A resolution with respect to an investigation shall be referred to the Committee on Finance of the Senate or to the Committee on Ways and Means of the House of Representatives approve the action—
tives by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

(d) (1) If the committee to which has been referred a resolution with respect to an investigation has not reported it before the expiration of 10 calendar days after its introduction (or, in the case of a resolution received from the other House, 10 calendar days after its receipt), it shall then (but not before) be in order to move either to discharge the committee from further consideration of such resolution, or to discharge the committee from further consideration of any other resolution with respect to such investigation which has been referred to the committee.

(2) Such motion may be made only by a person favoring the resolution, shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same investigation), and debate thereon shall be limited to not to exceed 1 hour, to be equally divided between those favoring and those opposing the resolution. No amendment to such motion shall be in order, and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

(3) If the motion to discharge is agreed to or disagreed to, such motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same investigation.

(e) (1) When the committee has reported, or has been discharged from further consideration of, a resolution with respect to an investigation it shall at any time thereafter be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of such resolution. Such motion shall be highly privileged and shall not be debatable. No amendment to such motion shall be in order and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

(2) Debate on the resolution shall be limited to not to exceed 10 hours, which shall be equally divided between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order, and it shall not be in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(f) (1) All motions to postpone, made with respect to the discharge from committee, or the consideration of, a resolution with respect to an investigation, and all motions to proceed to the consideration of other business, shall be decided without debate.

(2) All appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to an investigation shall be decided without debate.

(g) If, prior to the passage by one House of a resolution of that House with respect to an investigation, such House receives from the other House a resolution with respect to the same investigation, then—

(1) If no resolution of the first House with respect to such investigation has been referred to committee, no other resolution with respect to the same investigation may be reported or (despite the provisions of subsection (d) (1)) be made the subject of a motion to discharge.

(2) If a resolution of the first House with respect to such investigation has been referred to committee—

(A) the procedure with respect to that or other resolutions of such House with respect to such investigation which have been referred to committee shall be the same as if no resolution from the other House with respect to such investigation had been received; but

(B) on any vote on final passage of a resolution of the first House with respect to such investigation the resolution from the other House with respect to such investigation shall be automatically substituted for the resolution of the first House.

SEC. 8. (a) Section 2 of the act entitled "An act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended," approved July 1, 1954, as amended by section 7 of the Trade Agreements Extension Act of 1955 (19 U. S. C., sec. 1352a), is amended to read as follows:

"SEC. 2. (a) No action shall be taken pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), to decrease the duty on any article if the President finds that such reduction would threaten to impair the national security.

"(b) Upon request of the head of any Department or Agency, upon application of an interested party, or upon his own motion, the Director of the Office of Defense Mobilization (hereinafter in this section referred to as the 'Director') shall immediately make an appropriation investigation,

in the course of which he shall seek information and advice from other appropriate Departments and agencies to determine the effects on the national security of imports of the article which is the subject of such request, application, or motion. If, as a result of such investigation, the Director is of the opinion that the said article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall promptly so advise the President, and, if the President determines that the article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall take such action, and for such time, as he deems necessary to adjust the imports of such article so that such imports will not threaten to impair the national security.

"(c) For the purposes of this section, the Director and the President shall, in the light of the requirements of national security and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense, the requirements of growth of such industries and such supplies and services, and the importation of goods in terms of their quantities, availabilities, character, and use as those affect such industries and the capacity of the United States to meet national security requirements.

"(d) A report shall be made and published upon the disposition of each request, application, or motion under subsection (b). The Director shall publish procedural regulations to give effect to the authority conferred on him by subsection (b).

"(e) The Director, with the advice and consultation of other appropriate Departments and agencies and with the approval of the President, shall by February 1, 1959, submit to the Congress a report on the administration of this section. In preparing such a report, an analysis should be made of the nature of projected national defense requirements, the character of emergencies that may give rise to such requirements, the manner in which the capacity of the economy to satisfy such requirements can be judged, the alternative means of assuring such capacity and related matters."

(b) The amendment made by subsection (a) shall not affect any action taken or determinations made before the date of the enactment of this act.

SEC. 9. (a) Subsection (a) of section 333 of the Tariff Act of 1930 (19 U. S. C., sec. 1333 (a)) is amended to read as follows:

"(a) Authority to obtain information: For the purposes of carrying out its functions and duties in connection with any investigation authorized by law, the Commission or its duly authorized agent or agents (1) shall have access to and the right to copy any document, paper, or record, pertinent to the subject matter under investigation, in the possession of any person, firm, copartnership, corporation, or association engaged in the production, importation, or distribution of any article under investigation, (2) may summon witnesses, take testimony, and administer oaths, (3) may require any person, firm, copartnership, corporation, or association to produce books or papers relating to any matter pertaining to such investigation, and (4) may require any person, firm, copartnership, corporation, or association to furnish in writing, in such detail and in such form as the Commission may prescribe, information in their possession pertaining to such investigation. Any member of the Commission may sign subpoenas, and mem-

bers and agents of the Commission, when authorized by the Commission, may administer oaths and affirmations, examine witnesses, take testimony, and receive evidence."

(b) Subsection (d) of section 333 of the Tariff Act of 1930 (19 U. S. C., sec. 1333 (d)) is amended by striking out "under part II of this title" and inserting in lieu thereof "before the Commission."

(c) (1) Subsection (a) of section 336 of the Tariff Act of 1930 (19 U. S. C., sec. 1336 (a)) is amended by striking out the third sentence thereof. The first sentence of subsection (c) of section 337 of the Tariff Act of 1930 (19 U. S. C., sec. 1337 (c)) is amended by striking out "under and in accordance with such rules as it may promulgate."

(2) Part II of title III of the Tariff Act of 1930 (19 U. S. C., sec. 1330, et seq.) is amended by inserting after section 334 the following new section:

"SEC. 335. Rules and regulations.

"The Commission is authorized to adopt such reasonable procedures and rules and regulations as it deems necessary to carry out its functions and duties."

SEC. 10. The enactment of this act shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

The CHAIRMAN. Are there any committee amendments?

Mr. MILLS. Mr. Chairman, by direction of the Committee on Ways and Means, I offer a committee amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLS as a committee amendment: Page 16, line 21, after "services" and before the comma insert "including the investment, exploration, and development necessary to assure such growth."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SIMPSON of Pennsylvania: Strike out all after the enacting clause and insert in lieu thereof the text of the bill, H. R. 12676, as follows:

"That this act may be cited as the 'Trade Agreements Extension Act of 1958.'

"SEC. 2. Two-year extension of authority to enter into trade agreements.

"(a) In general: The period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), is hereby extended from the close of June 30, 1958, until the close of June 30, 1960.

"(b) Period during which decreases may become initially effective: The first sentence of section 350 (a) (3) (C) of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (a) (3) (C)), is amended to read as follows: 'No part of any decrease in duty specified in paragraph (2) (D) of this subsection shall become initially effective after the expiration of the 3-year period which begins on July 1, 1957.' Section 350 (a) (3) (B) (ii) of such act is amended by striking out 'decrease under the foreign trade agreement' and inserting in lieu thereof 'maximum decrease permissible under paragraph (2) (D).'

"SEC. 3. Maximum increase in duty.

"(a) In general: Section 350 (a) (2) (A) of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (a) (2) (A)), is amended to read as follows:

"(A) (1) If the rate of duty existing on July 1, 1934, was an ad valorem rate of duty, increasing such rate by more than 50 percent.

"(ii) If the rate of duty existing on July 1, 1934, was a specific rate of duty (or a combination of rates including a specific rate), increasing such duty to a rate (or combination of rates), however stated, the ad valorem equivalent of which has been determined by the Tariff Commission to be not more than 50 percent above the ad valorem equivalent of such July 1, 1934, rate (or combination of rates). For purposes of this clause, the determination of an ad valorem equivalent of a July 1, 1934, rate (or combination of rates) shall be made with respect to the values of imports during the calendar year 1934 (except that if during the calendar year 1934 there were no substantial imports, it shall be made with respect to the values of imports during the first calendar year after 1934 during which there were substantial imports).'

"(b) Technical amendment: Section 350 (c) (2) (A) of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (c) (2) (A)), is amended by striking out 'existing on January 1, 1945' and 'existing on January 1, 1955' and by inserting in lieu thereof 'existing on July 1, 1934,' 'existing on January 1, 1945,' and 'existing on January 1, 1955.'

"SEC. 4. Procedures for initiation and negotiation of trade agreements: peril point determinations.

"(a) In general: Section 3 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1360), is amended to read as follows:

"SEC. 3. (a) (1) Before entering into the negotiation of any foreign trade agreement under section 350 of the Tariff Act of 1930, the President shall notify the Tariff Commission of his affirmative finding of fact referred to in section 350 (a) of the Tariff Act of 1930, that existing duties or other import restrictions of the United States or of any foreign country are unduly burdening or restricting the foreign trade of the United States, and shall notify the Tariff Commission of his intention to negotiate a foreign trade agreement. Upon receipt of such notification from the President, the Tariff Commission shall prepare a preliminary list of articles imported into the United States which in its judgment may be considered by the President in the proposed trade agreement negotiations for possible modification of duties and other import restrictions, imposition of additional import restrictions (including quantitative limitations), or continuance of existing customs or excise treatment. Such list shall include all articles on which the Tariff Commission considers that the existing duties or other import restrictions appear to be inadequate to prevent imports from causing or threatening serious injury to the domestic industry producing like or directly competitive articles. As soon as the Tariff Commission has completed such preliminary list, it shall publish such list and make an investigation with respect to each article on the list as to—

"(A) the limit to which such modification, imposition, or continuance may be extended in order to carry out the purpose of section 350 of the Tariff Act of 1930 without causing or threatening serious injury to the domestic industry producing like or directly competitive articles; and

"(B) if increases in duties or additional import restrictions are required to avoid serious injury to the domestic industry producing like or directly competitive articles, the minimum increases in duties or additional import restrictions required.

"(2) Whenever in its judgment it is appropriate to carry out the purposes of this section, the Commission may amend such preliminary list by adding or deleting

articles. Notice of any such amendment shall be promptly published. In the case of any article so added, the Commission shall make the investigation referred to in the last sentence of paragraph (1) of this subsection.

"(b) In the course of any investigation pursuant to this section the Commission shall hold public hearings and give not less than 60 days public notice thereof, and shall afford reasonable opportunity for all interested parties to be present, to produce evidence, and to be heard. In conducting such investigation the Tariff Commission shall request (through appropriate channels) from the foreign country which is the principal supplier (in imports into the United States) of each article on such preliminary list, and of each article added to such list by the Commission, information concerning estimated or approximate cost of production, prices, and other relevant economic data pertaining to competition of imports of such article in the domestic market. If such foreign country refuses or fails to furnish such data with respect to any article (other than any article included in the list because of inadequacy of existing import restrictions) the Tariff Commission shall omit such article from the final list of articles on which the President is authorized to negotiate a foreign trade agreement.

"(c) In making determinations with respect to any article for the purposes of the final list, the Commission shall take into consideration each of the following factors:

"(1) The estimated or approximate cost of producing such article in the foreign country which is the principal supplier (in imports into the United States) of such article, as compared with the estimated or approximate cost of producing like or directly competitive articles in the United States.

"(2) The estimated or approximate average price, converted into currency of the United States, at which the foreign article is sold at wholesale in the principal supplying country as compared with the estimated or approximate average price of like or directly competitive domestic articles when sold at wholesale in the markets of the United States, during the last calendar year preceding such investigation. In the event that the Commission finds it impracticable to determine such estimated or approximate average foreign price the Commission shall consider the average invoice price of imports of such article during the last calendar year preceding such investigation as the average foreign price for comparison with the domestic price.

"(3) Other economic data which the Commission considers relevant to the relative competitive status of the imported article with the like or directly competitive domestic article in the domestic market, and the effect of such competitive status on the likelihood of serious injury, or threat thereof, to the domestic industry producing like or directly competitive articles.

"(d) Not later than one year after the publication of the preliminary list referred to in subsection (a) (1):

"(1) The Tariff Commission shall publish, and transmit to the President, a final list of articles which may be considered by the President, in negotiating the foreign trade agreement referred to in such subsection, for possible modification of duties and other import restrictions, imposition of additional import restrictions, or continuance of existing customs or excise treatment.

"(2) The Commission shall report to the President the findings of the Commission with respect to each such article on such final list as to—

"(A) the limit to which such modification, imposition, or continuance may be extended in order to carry out the purpose of section 350 of the Tariff Act of 1930 without causing or threatening serious injury to the domestic industry producing like or directly competitive articles; and

"(B) if increases in duties or additional import restrictions are required to avoid serious injury to the domestic industry producing like or directly competitive articles, the minimum increases in duties or additional import restrictions required.

the President shall not enter into the negotiation of any foreign trade agreement until he has received from the Tariff Commission such final list and report. The President shall not include in the foreign trade agreement any article not included in such final list."

"(b) Limitation: Subsection (a) of section 4 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1361 (a)), is amended by adding the end thereof the following new sentence: "The provisions of any such trade agreement applicable to an article with respect to which such limits or minimum requirements are not complied with shall not become effective until the Congress, by law, shall have approved the application of the provisions of such agreement to such article."

"(c) Conforming change: Section 4 of the act entitled 'An act to amend the Tariff Act of 1930', approved June 12, 1934, as amended (19 U. S. C., sec. 1354), is hereby repealed.

"Sec. 5. Escape clause reports must be made within 6 months; Tariff Commission recommendations must be submitted to Congress.

"(a) Time for making reports: The first paragraph of section 7 (a) of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (a)), is amended by striking out '9 months' and inserting in lieu thereof '6 months'. The amendment made by the preceding sentence shall apply only with respect to applications made after the date of the enactment of this act.

"(b) Recommendations by the Tariff Commission: The last paragraph of such section 7 (a) is amended by inserting, after 'President' wherever it appears, the phrase 'and the Congress.'

"Sec. 6. Serious injury; clarification with respect to quota provisions.

"The third paragraph of section 7 (a) of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (a)), is amended by inserting after the first sentence the following new sentence: 'Where the Commission finds, for any reason, that a maximum permissible increase in duty will not prevent or remedy serious injury to the domestic industry concerned, the Commission shall recommend the establishment of such quotas (either tariff quotas or absolute quotas, including seasonal quotas of either kind, such quotas to be subject to such allocation among countries of origin as the Commission may direct) as it may determine are necessary to prevent or remedy such serious injury.'

"Sec. 7. Modifications to carry out Tariff Commission's escape clause findings.

"Subsection (c) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (c)), is amended to read as follows:

"(c) (1) Within 30 days after receipt of the Tariff Commission's recommendations, the President shall proclaim such adjustments in the rate or rates of duty, impose such quotas, or make such other modifications as are recommended by the Commis-

sion to be necessary to prevent or remedy serious injury to the respective domestic industry, unless, prior to the expiration of such 30 days, the President shall have submitted a report to the Congress recommending that no such adjustments or modifications be made, or no such quotas be imposed, or recommending a rate of duty as an alternate to that recommended by the Tariff Commission or recommending a quota as an alternate to that recommended by the Tariff Commission as a means of preventing or remedying serious injury to the respective domestic industry be adopted. If either the Senate or the House of Representatives, or both, are not in session at the time of such submission, such report shall be filed with the Secretary of the Senate or the Clerk of the House of Representatives, or both, as the case may be.

"(2) If the President submits his report to the Congress while the Congress is in session and more than 60 days before the date on which the Congress adjourns sine die, he shall, within 60 days after the submission of such a report, proclaim such adjustments, quotas, or other modifications as have been recommended by the Commission unless, prior to the expiration of such 60 days, the Congress, by law, shall have approved the recommendations made by the President, in which event the President shall proclaim the recommendations so approved. If the President submits his report—

"(A) when the Congress is not in session, or

"(B) less than 60 days before the adjournment of the Congress sine die and the Congress before such adjournment has not, by law, approved the recommendations made by the President,

the adjustments in the rate or rates, quotas, or other modifications specified in the recommendations of the Commission shall be put into effect provisionally within 30 days from the date of the Commission's recommendation or the date of the adjournment of Congress sine die whichever date is later, and shall become finally effective 60 days after the date on which the next session of the Congress begins, unless during such 60-day period the Congress, by law, shall have approved the President's recommendations."

"Sec. 8. Imports which threaten to impair the national security.

"(a) Procedural changes; limitations on restrictions on imports: Subsection (b) of section 2 of the act entitled 'An act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended', approved July 1, 1954 (19 U. S. C., sec. 1352a (b)) is amended to read as follows:

"(b) In order to further the policy and purpose of this section:

"(1) Upon the request of the President, upon resolution of either House of Congress, upon resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, upon application of an interested party, or upon his own motion, the Director of the Office of Defense Mobilization shall promptly make an investigation to determine whether an article is being imported into the United States in such quantities as to threaten to impair the national security. In the course of such investigation, the Director shall hold public hearings after reasonable public notice thereof and shall afford reasonable opportunity for interested parties to be present, to produce evidence, and to be heard at such hearings. Should the Director have reason to believe, as the result of his investigation and hearings, that an article is being imported in such quantity as to threaten to impair the national security, he shall promptly so advise the President, but in no event later than 3 months from

the date of the initiating request, resolution, application, or motion. For the purposes of this subsection, the Director and the President shall, in the light of the requirements of national security and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense, the requirements of growth of such industries and such supplies and services, and the importation of goods in terms of their quantities, availabilities, character, and use as those affect such industries and the capacity of the United States to meet national security requirements.

"(2) If the President agrees, after such investigation as he may deem necessary, that the article is being imported in such quantity as to threaten to impair the national security, he shall, within 30 days from the date of the report made to him by the Director, by proclamation impose on such article either or both of the following:

"(A) An increase in duty—

"(i) to a rate not less than the rate 50 percent above the rate of duty in effect on July 1, 1934, or

"(ii) if the July 1, 1934, rate of duty is a specific rate (or a combination which includes a specific rate), to a rate not less than 50 percent above the 1934 ad valorem equivalent of such specific rate (or such combination) existing on July 1, 1934, with respect to imports during the calendar year 1934 (except that if there were no substantial imports in the year 1934 such ad valorem equivalent shall be determined for the first calendar year thereafter during which substantial imports were entered).

The rate of duty, as increased under this subparagraph, shall not exceed 50 percent ad valorem. Any increase under this subparagraph in the existing rate of duty may be reduced for any country or countries of origin, after the President has conducted such negotiations as he deems necessary, in order to take into account the availability of imports of the article in a national emergency from the country or countries of origin from which the product may be transported to the United States with relative safety.

"(B) A quota limitation (annual, quarterly, or otherwise) reducing imports of such article to a level 25 percent or more below the average level of imports of such article, such average level to be determined on the basis of imports of such article during the most recent period of 3 calendar years ending before the period to which such limitation is to be applied. After the President has conducted such negotiations as he deems necessary, any such quota limitation may be allocated, as the President determines, among countries of origin in order to take into account the availability of imports of the article in a national emergency from the country or countries of origin from which the article may be transported to the United States with relative safety.

"(3) The President may, in lieu of action required by paragraph (2), proclaim a lesser increase in the rate of duty than that required by paragraph (2) (A) or a larger quota limitation than that required by paragraph (2) (B), or both, if he finds and so certifies to Congress that the rate of duty or quota limitation required by paragraph (2) (A) (B), as the case may be, would impair the availability of materials determined to be essential to the defense of the United States."

"(b) Effective date: The amendment made by subsection (a) shall not affect any action taken or determination made before the date of the enactment of this act under subsec-

tion (b) of section 2 of such act, as in effect without regard to the amendment made by subsection (a).

"SEC. 9. Agricultural commodities and products.

"(a) Emergency action for perishable agricultural commodities: Subsection (a) of section 8 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1365) is amended to read as follows:

"(a) In any case where—

"(1) any interested party has filed an application with the Tariff Commission stating that due to the perishability of any agricultural commodity emergency treatment is required; and

"(2) the Secretary of Agriculture does not, within 15 days after the day on which the application was filed, certify to the Tariff Commission that such commodity is not perishable,

the Tariff Commission, proceeding under section 22 of the Agricultural Adjustment Act or under section 7 of this act, shall (A) make an immediate investigation to determine the facts, and (B) report the results thereof and its findings to the President. The report and findings of the Tariff Commission shall be made, and the action of the President shall be taken, at the earliest possible date but in no event more than 60 calendar days after the day on which the application was filed with the Tariff Commission."

"(b) Amendments to section 22 of the Agricultural Adjustment Act:

"(1) Subsections (a) and (b) of section 22 of the Agricultural Adjustment Act, as amended (7 U. S. C., sec. 624), are amended to read as follows:

"(a) Upon request of the Secretary of Agriculture, upon resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, or upon application of any interested party, the United States Tariff Commission shall make an immediate investigation to determine whether any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with or to materially increase the cost of any program or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law 320, 74th Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken. The Tariff Commission shall give precedence to investigations under this section to determine such facts and to determine the extent of fees or quantitative limitations on imports required to prevent such tendency to interfere or render ineffective, to increase cost, or to reduce such processing of products. Such investigation shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the Tariff Commission shall specify. The Tariff Commission shall report to the President the results of its investigation at the earliest possible date but in no event more than 6 months after the date of the initiating request, resolution, or application.

"(b) If, on the basis of such investigation the Tariff Commission finds and reports to the President the existence of such facts, he shall, within 30 days, by proclamation impose such fees not in excess of 50 percent ad valorem or such quantitative limitations

on any article or articles which may be entered, or withdrawn from warehouse, for consumption as the Tariff Commission has found to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with, or to materially increase the cost of, any program or operation referred to in subsection (a) of this section, or reduce substantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: *Provided*, That no proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 percent of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for consumption during a representative period as determined by the Tariff Commission; except that, whenever a condition exists requiring special treatment, the President upon recommendation of the Secretary of Agriculture may impose such further limitation or suspension of imports as he deems necessary upon a full consideration of the impact of imports of competitive commodities on (1) domestic production, (2) normal marketing and storing of domestic products, and (3) any Government support or other program: *And provided further*, That in designating any article or articles, the Tariff Commission or the President, as the case may be, may describe them by physical qualities, value, or use, or upon such other basis as it shall determine. Such designations shall be sufficiently broad to prevent evasion and may include any form, combination, mixture, or source in which the article or articles may appear.

"In any case where the Secretary of Agriculture determines and reports to the President with regard to any article or articles that a condition exists requiring emergency treatment, the President shall take immediate action under this section without awaiting the report of the Tariff Commission, such action to continue in effect pending the report of the Tariff Commission and action thereon by the President."

"(2) Subsections (d) and (e) of such section 22 are amended to read as follows:

"(d) After an investigation, findings, and a report to the President, in the manner provided in subsection (b) of this section, any proclamation issued pursuant to subsection (b) or any provision thereof may be—

"(1) suspended or terminated by the President whenever the Tariff Commission finds and reports to the President that the circumstances requiring the proclamation or provision thereof no longer exists; or

"(2) modified by the President whenever the Tariff Commission finds and reports to the President that changed circumstances require such modification to carry out the purposes of this section.

"(e) Any decision as to facts under this section shall be final."

"SEC. 10. General agreement on tariffs and trade not affected.

"The enactment of this act shall not be construed to determine or indicate the approval or disapproval by the Congress of the Executive agreement known as the General Agreement on Tariffs and Trade."

Mr. SIMPSON of Pennsylvania. Mr. Chairman, the amendment which I have sent to the desk is designed for one purpose and for one purpose alone and that is to return to the Congress of the United States the authority to handle the duties which are given to the Congress by the Constitution of the United States, namely, to take care of matters involving the

foreign trade of the country. The amendment is being offered with complete sincerity on behalf of its several sponsors.

The Congress of the United States carries a clearly defined responsibility to our Nation's industry, agriculture, and labor.

That responsibility is to strengthen their well-being and that is what this legislation does.

Sincere recognition of this responsibility is reflected in every provision of the legislation sponsored by several colleagues and myself, representing both sides of the aisle.

We recognize, as well, our Nation's heavy obligation to the free world defense, our moral and spiritual obligations to the ideals of humanity and liberty, our obligations of friendship to assist less fortunate peoples in achieving a better life.

We are convinced, as so many of us here today are convinced, that our country's ability to meet these obligations grows out of a single element—the dynamic vitality of our own free society.

Call it capitalism, call it free enterprise, call it democracy, call it what you will—this priceless quality is the backbone and the bicep of freedom as we know it.

It is this priceless quality which H. R. 12676 seeks to preserve.

Our national security has become a paramount issue in this debate. We have been advised that we will not be able to thwart communism's global campaign of ruble diplomacy unless we continue our present policies.

My own view, and one which I am sure each cosponsor of H. R. 12676 shares, is that no trade concession will advance our own security, or the security of our friends abroad, if our industrial base buckles and wilts under the strain.

We have been asked to renew the law of 1934 for the 11th time. On 10 previous occasions American industries and workers threatened with injury were given solemn reassurance that the law would be administered without injury to them.

Today, 21 years after the first extension debate, our industries and workers are no longer taken in by these assurances, but they are still being injured or threatened with injury.

We have been asked to grant an unprecedented extension of 5 years. The term of this far-reaching authority could spread across 4 terms of Congress and more than midway through the 2 next Presidential terms.

Who will these future Presidents be whom we are asked to empower so broadly? Will they hold the Nation's confidence and respect? Are we prepared to assure our anxious industries and workers that this unknown Chief Executive would employ these powers wisely and discreetly? What right have we to delegate the authority of these future Congresses away to an unknown President?

In this field of legislation Congress has not shirked its responsibilities. Time after time this body has sought to meet the problems forthrightly. Over the

years we have girded the law with the escape clause, peril points, and other safety devices that consideration for domestic interests dictates.

None, however, have proved effective. Not because the statutes were vague or unenforceable, but because those charged with the administration of this program have sidestepped Congressional intent.

The bill continues the trade agreements concept. It permits further tariff reductions. It allows further multilateral negotiations. In these provisions, it is broadly comparable to the committee's bill.

But H. R. 12676 takes up where the committee bill ends. It remedies the serious defects in the present law. It offers domestic industries and workers a remedy, instead of an empty promise.

Most importantly, if, belatedly, it translates the promise and reassurances of 24 years into reality. It provides for safeguards against excesses, and the machinery whereby the victims of past actions can gain sure relief.

America's industries, and workers, and farmers are asking nothing more than a fair shake from our foreign trade program. The responsibility of Congress to provide that fair shake is derived from our Constitution, and exists in every principle and ideal of our Government.

As you vote remember there is nothing, absolutely nothing, in the administration bill which makes certain or increases the likelihood of relief for any industry which proves injury that is not in the law today.

(Mr. SIMPSON of Pennsylvania asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Arkansas [Mr. MILLS] is recognized.

Mr. MILLS. Mr. Chairman, after some 3 hours of debate on the proposal of extending the President's authority to enter trade agreements, the issue is now drawn by the submission of the substitute proposal offered by the gentleman from Pennsylvania [Mr. SIMPSON]. I know that the gentleman is sincere in his proposal, because after having known him for many, many years I know it reflects his thinking in this area. I am sure he will admit as readily that those of us who are in support of the committee bill are also very sincere in what we are doing.

We are now faced with a vote on this substitute bill.

By our vote we must choose the kind of trade and tariff policy that we want our country and by our leadership and the rest of the free world to follow in the next several years ahead of us. I can only urge that every Member of the House make his choice with his eyes open, for we must level on this as we have never leveled on any other issue before, in a clear, straightforward manner.

It is important that we know what we are doing, because of the tremendous impact of our decision upon the lives of our own citizens in the years ahead. I think the substitute will be defeated in committee, and I think there are many reasons why it should be. I would like to give you now five of those reasons.

First, the substitute bill is not an extension of the reciprocal trade-agreements program as we have had it in the past. The substitute bill is a straight-out device for the creation of high duties in the future, plus quotas. It does not extend this program that we reported from the committee, and in the process, I think, it would be most disastrous, not only to our world trade but in the process in our own domestic economy to so restrict our trade as the substitute bill would do.

Second, it would strip the President of the United States of any—I say any—responsibility or any choice in action in the field of the escape clause with respect to the fixing of duty regardless of the implications. It would enshrine the Tariff Commission with the final responsibility. How in the name of goodness can we support it on the alleged ground that we are returning the tariff-making decision to the Congress of the United States? We would not be doing that under the substitute bill.

Third. We are giving all that responsibility to the Tariff Commission in spite of the fact that when all the members of that Commission, when they appeared before the Ways and Means Committee, they had the good judgment to tell us that they did not want this responsibility; that in their opinion they were not qualified to carry out all this responsibility and cover the many other factors that are involved, such as consideration of the effects on our national interest, other domestic industries, our partners in the free world, and so forth, but that the President was not only qualified, but that he was also elected by the people and charged under the Constitution with these responsibilities.

Fourth. The increased protection to domestic industry that is said to be contained in this substitute bill in my opinion is but a snare and a delusion. Let me ask you whether or not you protect domestic industry if in the process of trying to do so you contract activity in the United States so as to further the recession trends that are presently in existence. History tells us that that follows us if we try to contract our world trade. Can we say that we are doing this in the interest of domestic industry, if we bring it more and more recession and business downturn than it presently has?

Fifth. Let me remind you of the fact that this substitute bill was written in the interest of a few; and if it should serve the purpose of helping a few, it does so at the expense of the many and our national interest and national prestige in the free world—yes; our national interest and our national security. How can anyone prefer the substitute to the committee bill which has been worked out by your Committee on Ways and Means and the administration together and which has the backing of the leadership on both sides of the aisle?

How can any of you say that the judgment of this group, which is responsible for the substitute bill, is superior to the judgment of all those in the administration, all those on your committee, and

the many other Members of the House, plus those on the outside who support an effective continuation of the reciprocal trade agreements program as being an absolute necessity, such as is contained in the committee bill?

Mr. Chairman, the people of the United States are concerned with what we do here. They want us to do something that is in the best interest of the people, the people of the United States; and, certainly, the proposition is that whereas the substitute does not, the committee bill does serve this interest. I therefore urge you to reject this substitute proposal.

The CHAIRMAN. The time of the gentleman from Arkansas has expired; all time on the amendment has expired.

Mr. HOLTZMAN. Mr. Chairman, we now have before us in the House of Representatives legislation to extend the reciprocal trade program. This is one of the most important measures to come before us this year, and I am firmly convinced that the action we take here today will have a definite effect not only on our own economy, but on the economic situation of the entire world.

The program has now been in existence for approximately 24 years, and has provided a clear and accurate picture of our attitude toward a fair and adequate trade policy. Certainly there have been some defects in the program in the past, but safeguards have been included in the bill reported by the House Ways and Means Committee which will offer greater protection to our own industries. The committee studied the recommendations of the President very carefully and held lengthy public hearings in an effort to report a bill which would be satisfactory to all concerned—one that would in reality permit us to further our own interests, and yet would assist the other participating countries of the free world in expanding their own economy and developing additional world markets. In listening to the debate during the last 2 days, I feel that the committee has accomplished its goal.

Since the last extension of the Trade Agreements Act 3 years ago, we have witnessed on many occasions the efforts of the Communist bloc to dominate the field of international trade. We are still engaged in a cold war with the Soviet Union, but they have recently launched another offensive by adopting an economic-aid program designed to bring within their sphere many of the uncommitted countries which have looked to us in the past for possible assistance.

History has proven many times over that high tariff barriers and restricted imports do not guarantee a sound economy for the United States. Our own expanding production needs to find other world markets. Trade is a two-way street, bringing benefits to both countries involved. Our industries welcome competition and healthy growth, and we must take steps to continue an effective reciprocal trade agreements program.

The President, as a further proof of our good faith in our trade negotiations with other countries, must be given the

authority to deal with the situation and should be permitted sufficient flexibility and freedom of action in exercising his discretion on such matters.

We must encourage free enterprise not only in this country but throughout the free world, and this extension of the reciprocal trade program will enable us to strengthen our alliance with our brother nations.

Mr. HOFFMAN. Mr. Chairman, I offer a privileged motion.

The Clerk read as follows:

Mr. HOFFMAN moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Chairman, even though there were 8 hours of general debate on the bill, it was impossible, because there were better informed men and women who desired to speak, to obtain time, so this motion is made, though it is evident the bill will be adopted by a substantial majority.

Mr. Chairman, it is doubtful that there has been a session, or perhaps a week, when someone has not taken the floor and insisted that this is the richest, the most powerful nation in all the world.

And yet, since 1917, when we entered World War I, we have consistently followed a policy of depending upon other nations for our national security, our national existence—to me, a cowardly policy, a wasteful policy, one which repudiates and ignores the efforts of our forefathers who fought for 8 years against the then most powerful nation in all the world, to assert their freedom and to establish this, the United States of America.

It was long, long ago that someone said, "Millions for defense, but not one cent for tribute."

Today, the slogan seems to be spend billions trying to buy friends and do not offend anyone.

The argument back of this bill is the same argument as when we went to the aid of the British in World War I, though then it took the form that we were hiding behind the British Navy, while buying time to prepare for an aggressive foreign war. The appealing slogan then was that we were entering a "war to end all wars"—a thought since conclusively shown to be unsound.

As the Kaiser's armies rolled down across Belgium and into France, we were told their real destination was America—an obviously untrue statement.

Into that war we went, and the casualties: 364,800 American youth. Of that number, 126,000 sacrificed their lives.

That was a war which gave us nothing worth while. The treaties which ended it but made available a door open to future wars.

Then, on December 7, 1941, the Japs attacked Pearl Harbor. Subsequent disclosures have shown that some of our leaders were not averse to that war. It gave us 1,049,741 casualties. Of that number, 389,769 died.

That war also resulted in the making of Russia, our present enemy, a first-class

world power, more recently governed by the Communists, who have with us made 40 treaties and executive agreements, all of which, except 3 (relatively unimportant ones), they have disregarded.

Then came the Korean war, with casualties of 44,173, of whom 25,604 died abroad.

These 3 wars, fought not in America nor for a legitimate American purpose, gave us a debt, as of November 30, 1918, of \$19,438,355,000. As of August 14, 1945, a debt of \$262,571,665,797. As of July 27, 1953, a debt of \$272,516,821,439.

Recently two more unknown soldiers were buried in Arlington. One on each side of the unknown soldier of World War I—while adjacent are the stones which mark the last resting places of several hundred thousand Americans who died, not in defense of the United States of America, but to aid in the winning of the wars instigated or carried on for the protection of our so-called allies who, it is said, live in a free world.

Free world? Here in America there are millions of the colored race who allegedly are denied their civil rights. There are other millions who are denied the right to work, except as they pay tribute to a political, corrupt union boss. Freedom.

Why do we continue to talk about a free people or a free Nation outside the confines of the continental United States when there is not a Member of this House here today within the sound of my voice who does not know that freedom is denied millions of our own citizens?

The recent ceremonies during which honor was paid to two additional unknown soldiers who gave their lives—not in defense of their own land, but to aid in the winning of wars abroad—should not permit us to forget that 175,000, less 3 other unknown individuals are buried either in the 7-seas or on foreign soil.

You may wonder why I call attention to these facts because they are of the past. Attention is called to them because from the past the wise learn to profit from previous follies. Learn the road to sound practices. This is not to intimate that the adoption of the present bill will bring us war. No such contention is even hinted at.

The point is that the basic philosophy behind the reciprocal trade bill, and its extension, carries the same thought that got us into the three previous wars, into the spending of the billions which will make a burden upon our people. Appeasement? That is it.

The basic thought back of the three wars, back of the spending of the billions upon billions of our dollars in so-called foreign aid, is that we have so far lost the courage, the endurance, the ability which carried our forefathers through the 8 years of the war necessary to win our independence—through the War of 1812, fought with the mistress of the seas to end the impressment of our seamen; through the War Between the States—that today, instead of shouting from the housetops that, while we have billions upon billions for defense, we will not pay a cent of tribute, we seek to buy friendship by gifts of ever additional billions

to other countries. No individual, no nation can buy friendship or respect or security. Each must be earned.

These matters have been referred to because this reciprocal trade bill is based upon the unsound argument that, if we would exist, trade, and prosper, we must make concessions to other nations. Buy peace. Buy prosperity.

That may be true—but, if, in the process, we betray our own people who are dependent upon their jobs for their livelihood; for their food, clothing, and shelter; for the education of their children, the price is altogether too high. The price is too high because we will be imposing upon future generations, upon a large group of our own people, unemployment; upon others, the burden of aiding in the support of the unemployed; and upon future generations a national debt to which next year will evidently be added \$10 or \$11 billion, and which now stands at \$280 billion, calls for an interest payment of approximately \$8 billion a year.

While our forefathers fought for freedom, for independence, for opportunity, we today are surrendering what they won, by the abandonment of the spirit of independence, the courage, and sacrifice which inspired them and which gave us all we now enjoy.

In my own district, men are unemployed because the products which they made now have been priced out of the market by the competitive sale of goods manufactured abroad by cheap labor.

And the wealthy corporations, the labor unions, and other organizations apparently have forgotten that many an American corporation has gone abroad, established a plant, sent the products back to our market here where they undersell the goods manufactured by American labor.

And when trouble comes, as come it will, our young men be drafted to protect those dollars.

Reuther and his CIO may force the adoption of legislation like this but apparently they have not yet realized that the "little monsters," so characterized, the cheap but efficient cars coming in from Europe, often manufactured by the aid of American capital, are ever increasing on the streets of our cities, displacing to an ever-growing extent the sale of automobiles made by the UAW-CIO, adding to the unemployment of our employees.

And so it is with many other American products. True, the customer may for a time profit from these cheap imports; but when American labor as a group is out of employment, has no wages with which to purchase either the home or the foreign products, the bitter result of catering to industries in other countries will be fully realized.

The issue here before us is, to me, simple and clear, and it is this:

Shall we first think more of and protect our own people, their prosperity, their opportunity to earn a living wage—or, should we think first of the people across the seas? Or of the profitable investment of American dollars where cheap labor can be employed?

One thing it is possible for me to say, and that is, that never has my independence of thought been surrendered; never has the courage of those who established and those who fought to maintain our independence been forgotten by me—and never, no never, will I consciously put upon future generations, whether they be of my blood or yours, a tax burden which will make them, if judged by present standards, economic slaves to promote the welfare of other peoples who no matter how deserving, have lacked both the ability and the courage to assert their own independence, their own freedom.

If there is in me anything at all which justifies pride, it is that never consciously, or willingly, have I voted to lessen the freedom and the opportunity so dearly won by our forefathers when they asserted our independence, established this Government.

Permit a repetition: It is a strange, strange situation when the richest, the most powerful nation in all the world must so grievously injure so many of its own people—people who are just common, ordinary, average, good citizens—to please those who, when their own interest is at stake, so quickly desert us.

This is not a bill the adoption of which will aid the little man, whose welfare we so often loudly proclaim to be our first interest here, as it is a bill to please the politicians, the rich industrialists of this and other lands at the expense of the one who earns his livelihood in the sweat of his face.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. I yield to the gentleman, a very able and patriotic representative of his people.

Mr. O'KONSKI. I wonder if the gentleman read the item in this morning's newspaper about the \$90 million bribe with taxpayers' money that is being used to insure the passage of the bill? This bribe was announced last night to secure the votes of metal State Congressmen. I would just like to read a little paragraph from the New York Times of this morning:

The Government will proceed to buy \$90 million worth of copper for stockpile.

The administration switched position today on aid for the copper industry. It appeared to be another effort to win support for renewal of the Reciprocal Trade Agreements Act, which is pending in the House.

What does the gentleman think of the way taxpayers' money is being used to bribe the passage of this bill?

Mr. HOFFMAN. I cannot yield further, it was a proposition of trying to get a few more votes.

Mr. O'KONSKI. A \$90 million bribe.

Mr. HOFFMAN. Just the same thing that happened when certain oil interests were given protection with the result the bill will get 5 or 7 more votes while the rest of us suffer.

As I tried to state a moment ago, it is all right to think of other people, but are we to impoverish ourselves? Are we to impose upon the subsequent generations of taxpayers a burden which will continue indefinitely a fruitless effort to secure good will? Sometimes we

have never been able to purchase when the real need came.

If you want to go along with the proposed extension, if you want to go along with the continuation of what was first the Marshall plan, if you want to go along spending billions after billions all the time to support other people and put your own workers and your own people out of jobs, and increase their tax burden, that is your responsibility. I am an old, old man. I cannot live forever. Though I challenge the most hardy and the youngest to put in more effective hours. I will be up above or down below, whichever it is, in the not too distant future, looking down or up at all the troubles you will then be having here.

Mr. Chairman, recognizing the futility of argument, having made my own position clear, I yield back the balance of my time.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. BOGGS. Mr. Chairman, I rise in opposition to the motion offered by the gentleman from Michigan [Mr. HOFFMAN].

Mr. Chairman, the gentleman who has just preceded me would have you believe that this is a program that cost the taxpayers money; that it is supported only by some vague group called internationalists, and that to continue the program would be tremendously harmful to American business. Nothing could be farther from the facts and from the truth.

First, this is a program that not only does not cost the taxpayers a single penny, but this is a program which returns billions and billions of dollars to American industry and American workers. We exported \$20 billion worth of manufactured and farm commodities in 1957.

This is a program of business enterprise. This is not a program of Government enterprise. Let us understand perfectly well what is involved here.

What the committee bill says is that individual businessmen operating across international frontiers in a climate conducive to free enterprise, to free interchange of trade and commerce, will be permitted to do business. What the Simpson substitute says, on the other hand, is not free enterprise, but that the Government, operating by subsidies, by tariffs, by quotas, by any other restrictive devices that might be considered, shall intervene when goods cross international frontiers. So that the committee program is a business program; the committee program is a free-enterprise program; the substitute program is an anti-free-enterprise program.

Let us take a look at who supports what and who speaks for whom. We have seen a great deal of tear shedding around here about the workingman and about American business. I think that the United States Chamber of Commerce pretty generally speaks for American business. The United States Chamber of Commerce supports this program wholeheartedly. As a matter of fact, the United States Chamber of Commerce conducted meetings all over the United States on behalf of this program.

I do not believe the United States Chamber of Commerce has taken to being antibusiness.

Let us take a look at the workingmen. I believe the AFL-CIO, the brotherhoods and others, speak for most of the workingmen in our country. They support the committee program. The American Farm Bureau, the National Grange, the National Farmers' Union, the representatives of cotton, tobacco, and rice producers are all for this program. Certainly they speak for most of our farmers.

So the idea that this is a program that is detrimental to business, that is detrimental to the farmer, that is detrimental to the workers, just is not so if the great national organizations who speak for these groups can be relied upon.

Let us take a look at the press. In this instance, the press is unanimous. I do not know of a single newspaper from the Chicago Tribune to the Wall Street Journal, to the Journal of Commerce, to the papers in the East, West, North, and South, that do not support this program.

What happens if we do not pass the program? Well, the Des Moines Register, right in the heartland of America, wrote an editorial, and said:

Failure to enact an effective trade-agreements program would turn this recession into a real barn-burner of a depression.

Finally, what about political support for this program? Well, yesterday the distinguished minority leader, the gentleman from Massachusetts [Mr. MARTIN] read a letter from the President of the United States. I read another one addressed to my distinguished chairman, the gentleman from Arkansas [Mr. MILLS] from the President of the United States supporting this program in the most positive fashion and saying it would be a tremendous blunder if it was not continued.

I hope the substitute will be defeated.

The CHAIRMAN. The question is on the preferential motion.

The motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. SIMPSON].

Mr. MILLS. Mr. Chairman, in view of the fact that we will probably and ultimately have a teller vote, I now ask for tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. MILLS and Mr. SIMPSON of Pennsylvania.

The Committee divided; and the tellers reported that there were—ayes 147, noes 234.

So the amendment was rejected.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes pursuant to House Resolution 578, he reported the bill back to

the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. REED. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. REED. Mr. Speaker, I certainly am.

The SPEAKER. The gentleman qualifies.

The Clerk read as follows:

Mr. REED moves that H. R. 12591 be recommended to the Committee on Ways and Means.

Mr. MILLS. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The question was taken; and the Speaker announced that the yeas appeared to have it.

Mr. REED. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 146, nays 268, answered "present" 1, not voting 15, as follows:

[Roll No. 94]

YEAS—146

Abernethy	Flynt	O'Konski
Adair	Fogarty	Osmer
Alexander	Forrester	Patterson
Alger	Gavin	Perkins
Allen, Ill.	George	Pfost
Andersen,	Glenn	Philbin
H. Carl	Grant	Pilcher
Andrews	Gray	Preston
Ashmore	Gross	Reece, Tenn.
Balley	Gwinn	Reed
Baker	Hale	Rees, Kans.
Barden	Haley	Riley
Baring	Harvey	Rivers
Bates	Hays, Ohio	Roberts
Baumhart	Hemphill	Rogers, Mass.
Beamer	Henderson	Rogers, Tex.
Beckworth	Hess	Sadlak
Belcher	Hiestand	St. George
Bennett, Mich.	Hoffman	Saylor
Berry	Horan	Scherer
Betts	Huddleston	Schriver
Blitch	Jarman	Scudder
Bosch	Jensen	Seely-Brown
Bow	Johansen	Sikes
Bray	Jonas	Siler
Brown, Ga.	Kearns	Simpson, Pa.
Brown, Ohio	Kee	Sisk
Budge	Kitchin	Smith, Kans.
Burleson	Knox	Staggers
Byrd	Krueger	Steed
Byrnes, Wis.	Laird	Taber
Canfield	Landrum	Taylor
Carrigg	Lane	Teague, Tex.
Cederberg	Latham	Thomson, Wyo.
Clark	McCulloch	Tollefson
Clevenger	McGregor	Utt
Collier	McIntire	Van Pelt
Colmer	McMillan	Van Zandt
Cretella	Macdonald	Vinson
Davis, Ga.	Mack, Wash.	Vurseil
Dawson, Utah	Mason	Whitener
Dellay	Mitchell	Whitten
Dent	Montoya	Williams, Miss.
Dorn, S. C.	Moore	Wilson, Calif.
Dowdy	Morgan	Wilson, Ind.
Edmondson	Neal	Winstead
Fenton	Nicholson	Withrow
Fisher	Nimtz	Wolverton
Flood	O'Hara, Minn.	Young

NAYS—268

Abbitt	Allen, Calif.	Anfuso
Addonizio	Anderson,	Arends
Albert	Mont.	Ashley

Aspinall	Granahan	Murray
Avery	Green, Oreg.	Natcher
Ayres	Green, Pa.	Nix
Baldwin	Griffin	Norblad
Barrett	Gubser	Norrell
Bass, N. H.	Hagen	O'Brien, Ill.
Bass, Tenn.	Halleck	O'Brien, N. Y.
Becker	Harden	O'Hara, Ill.
Bennett, Fla.	Hardy	O'Neill
Bentley	Harris	Ostertag
Blatnik	Harrison, Nebr.	Passman
Boggs	Harrison, Va.	Patman
Boland	Haskell	Pelly
Bolling	Hays, Ark.	Pillion
Bolton	Healey	Poage
Bonner	Hebert	Poff
Boykin	Herlong	Polk
Boyle	Heslton	Powell
Breeding	Hill	Price
Brooks, La.	Hillings	Prouty
Brooks, Tex.	Hoeven	Quie
Broomfield	Holifield	Rabaut
Brown, Mo.	Holland	Rains
Brownson	Holmes	Ray
Broyhill	Holt	Reuss
Burdick	Holtzman	Rhodes, Ariz.
Bush	Hosmer	Rhodes, Pa.
Byrne, Ill.	Hull	Riehlman
Byrne, Pa.	Hyde	Robison, N. Y.
Cannon	Ikard	Robison, Ky.
Carnahan	Jackson	Rodino
Celler	James	Rogers, Colo.
Chamberlain	Jennings	Rogers, Fla.
Chelf	Johnson	Rooney
Chenoweth	Jones, Ala.	Roosevelt
Chiperfield	Jones, Mo.	Rutherford
Christopher	Judd	Santangelo
Church	Karsten	Saund
Coad	Kean	Schenck
Coffin	Keating	Schwengel
Cooley	Kelly, N. Y.	Scott, N. C.
Corbett	Keogh	Scott, Pa.
Coudert	Kilburn	Selden
Cramer	Kilday	Sheehan
Cunningham,	Kilgore	Shelley
Iowa	King	Sheppard
Cunningham,	Kirwan	Sieminski
Nebr.	Kluczynski	Simpson, Ill.
Curtin	Knutson	Smith, Calif.
Curtis, Miss.	Lafore	Smith, Miss.
Curtis, Mo.	Lankford	Smith, Va.
Dague	LeCompte	Spence
Davis, Tenn.	Lennon	Springer
Dawson, Ill.	Lesinski	Stauffer
Delaney	Libonati	Sullivan
Dennison	Lipscomb	Talle
Derounian	McCarthy	Teague, Calif.
Devereux	McCormack	Teller
Diggs	McDonough	Tewes
Dingell	McFall	Thomas
Dixon	McGovern	Thompson, La.
Dollinger	McIntosh	Thompson, N. J.
Donohue	McVey	Thompson, Tex.
Dooley	Machrowicz	Thornberry
Doyle	Mack, Ill.	Trimble
Durham	Madden	Tuck
Dwyer	Magnuson	Udall
Eberhart	Mahon	Ullman
Elliott	Mailliard	Vanik
Engle	Marshall	Vorys
Everett	Martin	Wainwright
Evins	May	Walter
Fallon	Meador	Watts
Farbstain	Morrow	Weaver
Fascell	Metcalfe	Westland
Feighan	Michel	Wharton
Fino	Miller, Calif.	Widnall
Forand	Miller, Md.	Wier
Ford	Miller, Nebr.	Wigglesworth
Fountain	Miller, N. Y.	Williams, N. Y.
Frazier	Mills	Willis
Frelinghuysen	Minshall	Wright
Friedel	Morano	Yates
Fulton	Morrison	Younger
Garmatz	Moss	Zablocki
Gary	Moulder	Zelenko
Gathings	Multer	
Gordon	Mumma	

ANSWERED "PRESENT"—1

Matthews

NOT VOTING—15

Auchincloss	Gregory	Morris
Buckley	Griffiths	Porter
Denton	Jenkins	Radwan
Dies	Kearney	Robeson, Va.
Dorn, N. Y.	Loser	Shuford

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Denton for; with Mr. Matthews against.

Mr. Jenkins for, with Mr. Auchincloss against.

Mr. Kearney for, with Mr. Robeson of Virginia against.

Mr. Morris for, with Mr. Buckley against.

Until further notice:

Mrs. Griffiths with Mr. Radwan.

Mr. Dies with Mr. Dorn of New York.

Mr. FENTON, Mr. REECE of Tennessee, and Mr. BAKER changed their votes from "nay" to "yea."

Mr. MATTHEWS. Mr. Speaker, I have a live pair with the gentleman from Indiana [Mr. DENTON]. If he were present he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. MILLS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 317, nays 98, not voting 15, as follows:

[Roll No. 95]

YEAS—317

Abbitt	Collier	Haley
Addonizio	Cooley	Halleck
Albert	Corbett	Harden
Alger	Coudert	Hardy
Allen, Calif.	Cramer	Harris
Andersen,	Cretella	Harrison, Nebr.
H. Carl	Cunningham,	Harrison, Va.
Anderson,	Iowa	Harvey
Mont.	Cunningham,	Haskell
Anfuso	Nebr.	Hays, Ark.
Arends	Curtin	Healey
Ashley	Curtis, Mass.	Hebert
Aspinall	Curtis, Mo.	Herlong
Avery	Dague	Heslton
Ayres	Davis, Tenn.	Hiestand
Baker	Dawson, Ill.	Hill
Baldwin	Dawson, Utah	Hillings
Barrett	Delaney	Hoeven
Bass, N. H.	Dennison	Holifield
Bass, Tenn.	Derounian	Holland
Bates	Devereux	Holmes
Baumhart	Diggs	Holt
Beamer	Dingell	Holtzman
Becker	Dixon	Horan
Beckworth	Dollinger	Hosmer
Belcher	Donohue	Huddleston
Bennett, Fla.	Dooley	Hull
Bentley	Dowdy	Ikard
Blatnik	Doyle	Jackson
Blitch	Durham	James
Boggs	Dwyer	Jennings
Boland	Eberhart	Johnson
Bolling	Elliott	Jones, Ala.
Bolton	Engle	Jones, Mo.
Bonner	Everett	Judd
Bosch	Evins	Karsten
Boykin	Fallon	Kean
Boyle	Farbstain	Keating, N. Y.
Breeding	Fascell	Keogh
Brooks, La.	Feighan	Kilburn
Brooks, Tex.	Fenton	Kilday
Broomfield	Fino	Kilgore
Brown, Ga.	Forand	King
Brown, Mo.	Ford	Kirwan
Brownson	Fountain	Kluczynski
Broyhill	Frazier	Knutson
Burdick	Frelinghuysen	Krueger
Burleson	Friedel	Lafore
Bush	Fulton	Landrum
Byrne, Ill.	Garmatz	Lankford
Byrne, Pa.	Gary	Latham
Cannon	Gathings	LeCompte
Carnahan	George	Lennon
Celler	Gordon	Lesinski
Chamberlain	Granahan	Libonati
Chenoweth	Grant	Lipscomb
Chiperfield	Gray	Loser
Christopher	Green, Oreg.	McCormack
	Green, Pa.	McDonough
	Griffin	McFall
	Gubser	McGovern
	Hagen	

McIntosh
McVey
Macdonald
Machrowicz
Mack, Ill.
Madden
Magnuson
Mahon
Mailliard
Marshall
Martin
Matthews
May
Meador
Merrow
Metcalf
Michel
Miller, Calif.
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Mills
Minshall
Montoya
Morano
Morrison
Moss
Moulder
Multer
Mumma
Murray
Natcher
Nimtz
Nix
Norblad
Norrell
O'Brien, Ill.
O'Brien, N. Y.
O'Hara, Ill.
O'Neill
Osmers
Ostertag
Passman
Patman
Pelly

NAYS—98

Abernethy
Adair
Alexander
Allen, Ill.
Andrews
Ashmore
Bailey
Barden
Baring
Bennett, Mich.
Berry
Betts
Bow
Bray
Brown, Ohio
Budge
Byrd
Byrnes, Wis.
Canfield
Carrigg
Cederberg
Clark
Clevenger
Colmer
Davis, Ga.
Dellay
Dent
Dorn, S. C.
Edmondson
Fisher
Flood
Flynt
Fogarty

NOT VOTING—15

Auchincloss
Buckley
Denton
Dies
Dorn, N. Y.

Perkins
Pfost
Pilcher
Pillion
Poage
Poff
Polk
Porter
Powell
Preston
Price
Prouty
Quie
Rabaut
Rains
Ray
Rees, Kans.
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Riehlman
Roberts
Robison, N. Y.
Robison, Ky.
Rodino
Rogers, Colo.
Rogers, Fla.
Rooney
Roosevelt
Rutherford
Santangelo
Saund
Schenck
Schwengel
Scott, N. C.
Scott, Pa.
Scudder
Selden
Sheehan
Shelley
Sheppard
Sieminski
Sikes
Simpson, Ill.
Sisk

Smith, Calif.
Smith, Miss.
Smith, Va.
Spence
Springer
Stauffer
Steed
Sullivan
Talle
Taylor
Teague, Calif.
Teague, Tex.
Teller
Tewes
Thomas
Thompson, La.
Thompson, N. J.
Thompson, Tex.
Thornberry
Trimble
Tuck
Udall
Ullman
Vanik
Vinson
Vorvys
Vursell
Wainwright
Walter
Watts
Weaver
Westland
Wharton
Widnall
Wier
Wigglesworth
Williams, N. Y.
Willis
Wilson, Calif.
Wilson, Ind.
Wright
Yates
Younger
Zablocki
Zelenko

O'Konski
Patterson
Philbin
Reece, Tenn.
Reed
Riley
Rivers
Rogers, Mass.
Rogers, Tex.
Sadlak
St. George
Saylor
Scherer
Scrivner
Seely-Brown
Siler
Simpson, Pa.
Smith, Kans.
Staggers
Taber
Thomson, Wyo.
Tollefson
Utt
Van Pelt
Van Zandt
Whitener
Whitten
Williams, Miss.
Winstead
Withrow
Wolverton
Young

Mr. ALGER changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may have 5 legislative days in which to extend their remarks on the bill just passed in the body of the RECORD of yesterday during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following communication which was read:

JUNE 11, 1958.

The Honorable SAM RAYBURN,
House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: Because of my worsening physical condition, I find it impossible to fully participate in the work of the Committee on Appropriations in which committee I have been privileged to serve for some years.

I therefore offer this writing as my resignation of membership in the above-named committee to become effective at the pleasure of the Speaker.

With every assurance of my highest esteem, I am,

Very sincerely yours,

BENJAMIN F. JAMES,
Member of Congress.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

ELECTION OF MEMBER TO COMMITTEE ON APPROPRIATIONS

Mr. MARTIN. Mr. Speaker, I offer a resolution (H. Res. 589).

The Clerk read as follows:

Resolved, That ELFORD A. CEDERBERG, of Michigan, be, and he is hereby, elected a member of the standing committee of the House of Representatives on Appropriations.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING CONSTRUCTION AND SALE BY THE FEDERAL MARITIME BOARD OF SUPERLINER PASSENGER VESSELS

Mr. BONNER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 11451) to authorize the construction and sale by the Federal Maritime Board of a superliner passenger vessel equivalent to the steamship *United States*, and a superliner passenger vessel for operating in the Pacific Ocean, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and

agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? The Chair hears none, and appoints the following conferees: Messrs. BONNER, BOYKIN, GARMATT, TOLLEFSON, and ALLEN of California.

DEPARTMENT OF DEFENSE REORGANIZATION ACT OF 1958

Mr. THORNBERRY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 579 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 12541) to promote the national defense by providing for reorganization of the Department of Defense, and for other purposes. After general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. THORNBERRY. Mr. Speaker, House Resolution 579 makes in order the consideration of H. R. 12541, the Department of Defense Reorganization Act of 1958. The resolution provides for an open rule and 4 hours of general debate on the bill.

The Committee on Armed Services unanimously reported H. R. 12541, with two reservations, after holding extensive hearings. The committee heard from a great number of witnesses who were qualified to give information on this highly important subject.

The Committee on Armed Services has reported this bill to provide more effective, efficient, and economical administration in the Department of Defense.

The committee has taken great care to preserve the constitutional responsibility and authority of the Congress to provide for the defense of the country and to retain civilian control over the military.

The bill provides that the Departments of the Army, Navy, and Air Force will function under the direction, authority, and control of the Secretary of Defense, but this direction, authority, and control shall be exercised through the Secretaries of the Military Departments. The bill announces the intent of Congress that there shall be established unified and specified combatant commands and that there shall be a clear and direct line of command to the unified and specified combatant commands. Commanders of these unified and specified commands are to have full operational control of forces assigned to them

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Auchincloss for, with Mr. Jenkins against.

Mr. Robeson of Virginia for, with Mr. Kearney against.

Until further notice:

Mr. Denton with Mr. Dorn of New York.

Mr. Morris with Mr. Radwan.

Mrs. Griffiths with Mr. Hyde.

and such forces may be withdrawn only by direction of the Secretary of Defense with the approval of the President.

One of the most important provisions of the bill gives authority to the Secretary of Defense to abolish, consolidate, transfer, or reassign service functions, other than major combatant functions, 30 days after notifying the Congress. It also gives the Secretary of Defense the right to transfer, reassign, abolish, or consolidate major combatant functions after consultation with the Joint Chiefs of Staff if the Congress does not pass a concurrent resolution expressing disapproval within 60 days after receiving the recommendation. A combatant function becomes a major combatant function if one or more of the members of the Joint Chiefs of Staff disagree with the proposal. The President is given unlimited power to transfer, reassign, or consolidate all service functions in case of hostilities or imminent threat of hostilities, but such functions would revert to their former status upon the cessation of same.

The bill retains the restriction against the merger of our Armed Forces and prohibits the establishment of a single Chief of Staff over the Armed Forces and the creation of an overall Armed Forces general staff. It also retains the existing statutory right of the Secretaries of the Military Departments and the members of the Joint Chiefs of Staff to present recommendations on their own initiative to the Congress, after first advising the Secretary of Defense.

In an effort to eliminate unnecessary duplication in the Department of Defense, the Secretary of Defense is given direction and control of research and engineering, and a Director of Defense Research and Engineering will be appointed by the President to assist the Secretary on these scientific and technical matters.

The Joint Staff is increased from 210 to 400 officers and will function as an advisory staff to the Joint Chiefs of Staff. The number of Assistant Secretaries of each Military Department is reduced from 4 to 3, and the number of Assistant Secretaries for Defense is reduced from 9 to 7.

The proposed legislation does not alter the status and place of the National Guard in the defense structure, or modify or infringe upon the current organization and functions of the National Guard Bureau and its Chief.

The Armed Forces Committee in drafting the bill made every effort to provide executive flexibility with respect to combatant functions; to streamline the unified command structure; to clarify the status of the Secretary of Defense and, at the same time, retain to the Congress its constitutional responsibilities.

I urge the adoption of House Resolution 579 so the House may proceed to the consideration of this bill for which ample time has been provided.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Massachusetts [Mr. MARTIN].

LEGISLATIVE PROGRAM FOR TODAY AND BALANCE OF THE WEEK

Mr. MARTIN. I would like to inquire of the majority leader as to the program for today and the rest of the week if he has it available at this time.

Mr. McCORMACK. I am very glad my friend made the inquiry. In response to the inquiry and for the information of the Members of the House, the program for the rest of the day will be the defense reorganization bill. Our Republican friends have a conference set for 5 o'clock, so the committee will go along no later than 4:30. If the House permits, we will meet tomorrow at 11 o'clock, and after the determination of the Defense Reorganization Act, we will take up the public works appropriation bill, and if both bills can be completed between now and tomorrow night, then the House will adjourn over until Monday. A little acceleration, I think, will do that very easily.

Mr. MARTIN. On the reorganization bill all we can do possibly today, then, is have general debate.

Mr. McCORMACK. I would say that is about so, yes. The resolution provides for 4 hours.

Mr. MARTIN. We will start to read the bill tomorrow.

Mr. VINSON. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I yield to the gentleman from Georgia.

Mr. VINSON. Mr. Speaker, we may not use 4 hours of general debate. If we do not, we will be ready to consider any amendments and vote on the bill today. It all depends upon how much time is consumed in general debate.

Mr. MARTIN. Mr. Speaker, does not the gentleman think it would be well, for the convenience of the Members of the House, that we agree now that we shall have general debate only today, so that Members may be able to use the time at their convenience?

Mr. VINSON. Mr. Speaker, let me say to both the majority leader and the minority leader that I am very anxious that the House reach a decision on this bill at the earliest possible date. If the 4 hours of time granted under the rule is not used then, of course, the Committee should proceed to final consideration of the bill, and if that can be done today, I should like to see this accomplished as early as possible.

Mr. MARTIN. The gentleman could accomplish that very quickly if he would agree to the President's proposals.

Mr. McCORMACK. Mr. Speaker, if the gentleman will yield, I think the situation is this. The House will go into Committee of the Whole. We can see later in the day how things develop. If the Committee takes 4 hours then, of course, the Committee will rise when I have indicated and the bill will not be completed today. However, if only 2 hours of general debate is taken, we shall want to go ahead with some part of the bill under the 5-minute rule. I believe we can meet the situation as it develops.

Mr. MARTIN. I thank the gentleman.

HOOR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. KEATING] and ask unanimous consent that he may speak out of order.

Mr. GAVIN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Will the gentleman agree that the gentleman from New York [Mr. KEATING] may speak out of order before he makes his point of order?

Mr. GAVIN. Mr. Speaker, I shall withhold the point of order for the time being.

The SPEAKER. Without objection, the gentleman from New York may proceed out of order.

There was no objection.

ON COURT CONGESTION

Mr. KEATING. Mr. Speaker, more than any other Congress of recent years the 85th Congress has concerned itself with the rights of American citizens. But it is one thing to proclaim a right and quite another to assure its enjoyment. A right as a practical matter is meaningless unless there is also a remedy. A claim is worthless unless it can be reduced to judgment and collected. And the establishment of court procedures to enforce rights and claims is but an empty gesture unless the courts are equipped to handle controversies expeditiously.

All of us, I am sure, at one time or another have extolled the virtues of the great judicial system that distinguishes our American way of life from others. We have good cause to be proud of that system. But while we may take some satisfaction in it we must at the same time realize that we in Congress have a grave responsibility to insure that ours remains a vital system, capable always of insuring freedom and justice for all men. High-minded ideals make good topics for patriotic speeches, but unless their can be translated into reality in our daily affairs they are better left unspoken.

It is time this Congress looked the facts in the face. Every year that passes brings increasing delay in court proceedings. The tremendous growth in our population and in our economy has choked our Federal courts with litigation to the point where our judges are fighting a valiant but losing uphill battle just to hold the line. Hard as they may try, and long as they may work, their task has become impossible.

The situation cries out for solution—not some day, but now. The courts themselves have taken significant steps in an effort to increase their own efficiency. Congress too has enacted measures to enable the judiciary to make the best use of its members and to modernize court procedures. Other measures are pending, each of which can contribute

RECIPROCAL TRADE AGREEMENTS

(Mr. VANIK asked and was given permission to extend his remarks at this point.)

Mr. VANIK. Mr. Speaker, as a supporter of reciprocal trade, I oppose the amendment submitted by the Ways and Means Committee to provide protection for the privilege-heavy oil industry. It is my understanding that this concession to the oil industry is necessary to attract essential support for reciprocal trade. If concessions are to be made, why must they be made for oil? If this bill commands a call for patriotism and love of country, why should a king's ransom be extracted for support for the bill?

The fact of the matter is that the language of the "oil" amendment has not been submitted for a careful study by the House. Under the rule under which this bill will be considered, there is no opportunity for discussion or analysis of its force and effect, nor is the language of the amendment debatable. One thing is certain. It is designed to harass and curtail the importation of oil for the protection and benefit of the domestic oil industry.

The Committee amendment adds "investment, exploration, and development necessary to insure growth of domestic industries" as specific criteria and guidelines to the executive in imposing import restrictions. In my judgment, this language could be construed as a directive to prohibit all importation of oil because any importation affects domestic growth, investment, exploration or development.

During a colloquy on this bill yesterday the legislative intent was carefully defined. It was clearly stated that under the national security section as amended "it is intended that imports of petroleum and petroleum products be held at levels which would permit the domestic industry to engage in a vigorous program of exploration at a rate consistent with the demands of our economy." It was further stated to be the committee's intention that if drilling and exploration activities do not reach a satisfactory level, then under this provision the President or his designate would have the responsibility of reevaluating existing programs for the regulation and control of imports to see that they meet the requirements of these new standards.

A great deal has been said about the national security clause and the preservation of an industry essential to the national security. What about the consumer? Competition in oil is as essential as it is in other consumer items. The Texas Railroad Commission—under the guise of conservation—is able to regulate production of over 50 percent of the domestic oil supply. By discouraging oil imports through the oil amendment, competition in oil is curtailed while domestic production is industry controlled. This is a very effective way of "rigging" consumer prices throughout America.

Support of this bill presents problems to all sections of America, because foreign competition hurts everyone at some

time or another at some place or another. The American people have the right to expect the same kind of sacrifice from the oil States as they do from anyone else. This oil concession smacks of favoritism to a profit-hungry segment of our economy.

ALL HOPE FOR A HIGHER STANDARD OF DECENCY SHOULD NOT BE ABANDONED

(Mr. PELLY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PELLY. Mr. Speaker, it was gratifying indeed to learn that an amendment had been added in the Senate to the House bill which we passed recently authorizing construction and sale by the Federal Government of two super-passenger liners. The new provision which was added to the bill would prohibit the shipping lines which acquire those two vessels from extending free or reduced rates to officials or employees of the Federal Government, or their families.

Unfortunately, I predict, Mr. Speaker, that this amendment will be deleted when the conferees meet to settle this difference because after all a great many Members of Congress and their families would lose by this limitation. But, personally, I do not believe that those of us who deal in subsidies and other legislation of great benefit to the Steamship Lines should be allowed to accept favors from them. The same restrictions should be imposed upon those connected with the Federal Maritime Administration who regulate and deal with the steamship companies so extensively.

All this points up the need of legislation to set an overall standard of ethics for officials and employees of both branches of Government. There is no standard of conduct governing public service. And until public opinion forces action to eliminate conflicts of interest, favoritism, influence peddling, and other improper and unethical practices by those in Government service bills such as my bill H. R. 10631, to establish such a code of ethics, will languish in committee pigeon holes and only token gestures and lip service will be offered to appease public indignation. Meanwhile, Mr. Speaker, "Like a good deed in a naughty world" as Shakespeare put it, the provision to ban special favors to Government officials in this ship construction legislation is a sign that all hope for a higher standard of decency in public service should not be abandoned.

KAMEHAMEHA DAY

(Mr. BURNS of Hawaii asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BURNS of Hawaii. Mr. Speaker, June 11 is the day on which Hawaii commemorates the birth of Kamehameha the Great, the monarch who united the Hawaiian Islands into the Kingdom of Hawaii. Kamehameha Day is also a day which honors the Polynesian who inhabited Hawaii prior to 1778, the year of Hawaii's discovery by Captain Cook, and whose sons are today the leavening in-

redient in the brotherhood of man that is Hawaii.

Observance of Kamehameha Day affords an opportunity to the people of Hawaii to remember the greatest of the Hawaiians in songs, dances, and pageants while recalling the ancient traditions that have contributed so much to the culture of today's Hawaii.

Born about 200 years ago, Kamehameha the Great effectively demonstrated that in any time and in any age his extraordinary abilities would have won recognition. Kamehameha the Great exemplifies the fact that greatness knows no age, race, or place. His physical accomplishments were extraordinary. So, too, were his wisdom and understanding. A most well-remembered royal edict was the Mamalahoa Kana-wai, the edict of the splintered paddle, which provided that all may rest on the roadside unmolested with the death penalty provided for violators. He extended to the sick, the old, the young, and to the poor, protection from harm.

When Captain Cook first visited Hawaii in 1780, he found an orderly government under the leadership of highly trained chiefs. This, I point out, was at the time of the founding of our great Nation. It was prior to the uniting of the islands into the Kingdom of Hawaii which was accomplished about 1790.

Kamehameha I emphasized the need for law and order, firmly establishing this in the kingdom which existed until 1893. He welcomed foreigners. This welcome has continued to be a distinguishing mark of Hawaii to the present day.

Though Kamehameha died before the arrival of the missionaries, he created for them a climate which simplified their task. As one historian said of Kamehameha, "His every act was based on the simply basic concept of right and wrong, and that justice pervaded his life and thinking."

To the Polynesian-Hawaiian, the observance of Kamehameha Day is a time to honor the greatest of the Hawaiians and the legacy bequeathed them by their ancestors. It is a time for the other Americans of Hawaii, who share that legacy, to recall its source and rededicate themselves to its principles. The brotherhood of man was a reality to the Polynesian-Hawaiian. It distinguishes Hawaii today.

In collaboration with his fellow Hawaiians of many races, these descendants of Kamehameha now gain inspiration from Kamehameha's battle cry at one of his severe engagements, "Move forward till you have tasted of the bitter water," a command which allowed no turning or retreat by a charge to the objective.

Kamehameha Day acknowledges the indebtedness of Hawaii—the citadel of Americanism in the Pacific—to Kealii Kiekie Kamehameha, and honors a great man as well as an equally great people.

RECIPROCAL TRADE AGREEMENTS

(Mr. MOORE asked and was given permission to extend his remarks at this point.)

Mr. MOORE. Mr. Speaker, I rise in support of the Simpson substitute, believing sincerely that it is an absolute necessity that Members of Congress regain authority over tariff matters as conferred on us by the Constitution of the United States.

Many times I have addressed you with respect to the severe plight of the State of West Virginia and the great suffering that results from the continuation of the present reciprocal trade program. Thousands of our families are severely hit by foreign imports from various countries around the world.

However, today, I want to bring to the attention of the Members of the House and set the record straight with respect to this fantastic claim that 4½ million American jobs are at stake in this legislation.

The administration's propaganda machine has repeated again and again and again that its bill for a 5-year renewal of the Trade Agreements Act must be passed because 4½ million American jobs depend on world trade, whereas only 200,000 jobs would be destroyed here if all our tariffs were removed entirely. Figures that are repeated often enough come to be believed by the unwary, and what significance they may have is distorted. In fact, the original statement that 4½ million American jobs depend on foreign trade has already been perverted to read that 4½ million jobs depend on our exports. Neither is correct. It may be more.

The Secretary of Labor, Mr. Mitchell, has publicly acknowledged that the 4½-million figure is—and I quote—"a product of studies made during the past 10 years." The current validity is reasonably open to question.

But the important point is the fact that even if the Trade Agreements Act were not renewed at all, not a single tariff rate would change, not a single trade agreement would be broken, and therefore, not a single American job depending on foreign trade would be thus jeopardized.

However, let us pursue the figures further. Government statisticians report that of the 4½ million jobs tied to our foreign trade, 3.1 million are dependent on our exports, and 1.4 million are in importing industries. We are told that we must keep up our imports in order that our foreign friends will accumulate sufficient dollars to buy our exports.

But about 78 percent of our exports are paid for with dollars earned by foreign countries from American tourists, G. I. expenditures, transportation and service charges, American investments abroad, and by selling us products which enter this country duty free. In other words, the supply of dollars to buy 78 percent of our exports would not be affected to the slightest degree, no matter whether our duties were raised or lowered, or even abolished.

Seventy-eight percent of 3.1 million jobs is 2,418,000—the number of jobs in our export activities that would not be affected by our tariff schedules, whether higher or lower.

Twenty-two percent of 3.1 million is 682,000—the number of American jobs

that might be affected by the import volume of goods subject to tariff changes.

Six hundred and eighty-two thousand is quite a bit different from 4½ million.

Let us look at the other side of the ledger—the statement that only 200,000 American jobs would be lost if all American tariffs were abolished.

There are currently about 7 million Americans gainfully employed in agriculture. The majority of these jobs depend for their existence on quotas, the most rigid of all controls in limiting foreign competition.

Among the industries of our country which are most susceptible to the competition of cheap foreign labor are lumber and wood products; stone, clay, and glass products; textiles, chemicals, metals, machinery, and food. These industries alone employ another 7 million of our citizens.

We do not claim that all of the 14 million jobs just referred to would be lost through still lower tariffs and still greater competitive imports, but certainly an indeterminate number, far greater than 200,000 would be.

The United States textile industry, one of the prime targets for the competition of cheap foreign labor, has alone laid off 345,000 since the end of World War II and 240,000 since 1951.

On the basis of imports so far in 1958, foreign car sales in our domestic market are displacing approximately 40,000 American auto workers.

Factual statements like these make a mockery of the assertion that only 200,000 American jobs would be lost if all our tariffs were abolished.

But let us not lose the basic truth in a fruitless effort to reconcile figures that are changing by the hour. The economic strength and security of America, which now, more than ever, are essential for the survival of the free world, are not enhanced if we seek to create a job in Detroit at the expense of destroying a job in New England. Worse yet, if we destroy 2 to make 1.

Therefore, I am opposed to the administration bill calling for a 5-year extension of the Trade Agreements Act, with further tariff-cutting powers.

In its place, I definitely support the Simpson-Dorn-Davis-Bailey-Moore bill, H. R. 12676, which shows a more realistic concern for the true facts and the basic welfare of our whole economy.

A BANKER SAYS THE BANKERS' BILL SHOULD MARINATE A WHILE

Mr. PATMAN. Mr. Speaker, the president of a very large bank in the Southeast—in fact, one of the largest banks in this region of the country—wrote me on June 2 concerning the big bankers' bonus bill, S. 1451, sometimes known as the financial institutions bill. As no doubt all Members of the House know, the bankers' associations have on a terrific drive to rush this bill through the House Committee on Banking and Currency, and through passage in the House. The banker who wrote me, however, says that—

I'm one of those who thinks that banking legislation can be awfully important and that it should not be rushed through.

This banker attached to his letter to me a copy of a letter of May 27 which he had written to one of the other members of the House Committee on Banking and Currency, in which he gives a most interesting account of how the grass-roots lobby for passage of this bill is being conducted. He says that the bankers' associations have been out asking their members to write to Congress urging passage of the bill, but there are not many bankers who are enthusiastic about this. Then specifically, he said:

I know that many of the bankers' associations have been out asking members to write to Congress urging the passage of the Financial Institutions Act. I am not one of those, nor are many bankers among those who think that the bill in its present form is anything of terrific moment either for the good of banking or for the good of the country.

I have seen quite a few letters of this kind from bankers. Frankly, it presents a rather curious situation. The lobbying is being conducted from the top. Someone or some small group in the national association is out whipping up the State-banker associations, urging them to campaign for the passage of this bill, and the State-banker associations are in turn applying pressures on the members to pressure Congress for a bill which the bankers are not actually unenthusiastic about. It is interesting to note, and quite gratifying to note, too, that many of the bankers associate the good of the country with the good of banking; they are not persuaded that what may be for the good of the selfish, short-run interests of the bankers is for the good of the country, nor for the long-run good of banking itself.

In any case, quite a few responsible bankers are unwilling to participate in any drive to rush this legislation through Congress. The banker who has written me says that he thinks that the bill should marinate for a while. To quote his own words, he says:

Since banking legislation occurs only infrequently, I'd far rather see the bill marinate for a longer period of time to be sure that the unsatisfactory parts of it are ironed out.

By use of the word "marinate," we may judge that this bank president is also a cook, or an amateur chef, and most probably an expert one. The phrase is most apt. Webster's tells me that marinate means "to let lie, as meat or fish, in a brine or a pickle." The process seems to be for the purpose of tenderizing, and breaking down the harsh elements, and perhaps adding flavor to the meat. Certainly, this big bankers' bonus bill is a tough piece of meat. It contains some very harsh sinew and gristle. And the best marinade for such a bill, in my view, is some very careful searching and study by the legislative committee which has responsibility for finding out what is in a bill, and for reporting to the House what the bill does, and why.

It has become clear, however, that the people who are directing this lobby do not want that kind of marinating to take place. They do not want the legislative committee to find out what is in this bill, what all the provisions do, and why.

June 12, 1958

unnecessary expenditures or appropriations. The task of converting the budget tables to eliminate cost-type data is a waste of time. The Committee is entitled to a budget presentation which does not obscure and confuse the amounts of money for which the Federal Government is going to be obligated in a given period of time. If the budget document and the justifications for the fiscal year 1960 are offered to the Congress with cost-type data scattered through them they will be returned to the Departments for elimination of all such data and resubmission on an obligational basis only so that the Committee may have a set of usable figures with which to work."

14. ADJOURNED until Mon., June 16. p. 9955

SENATE

15. TRANSPORTATION. The Rules and Administration Committee reported without further amendments (the bill having been reported to them from the Interstate and Foreign Commerce Committee) S. Res. 303, to provide for a study of transportation policies in the U. S. (S. Rept. 1702). p. 9830.

16. TAXATION. The Finance Committee reported without amendment H. R. 12695, to extend certain excise taxes and the corporate normal-tax rate, for 1 year (S. Rept. 1703) (p. 9830). Sen. Johnson urged rapid action on this bill (p. 9838).

17. RETIREMENT. Adopted the conference report on S. 72, to increase annuities payable to certain annuitants from the civil service retirement and disability fund. The bill would provide an increase of 10% (up to \$500 a year) for those whose service ended before Oct. 1, 1956, with similar increases to their survivors. This bill will now be sent to the President. pp. 9880-2

18. WHEAT. Sen. Butler stated that the winter wheat harvest in the Southwest would be 34% greater than in 1957, and inserted an editorial urging allotments quotas based on bushels, bales, or pounds, instead of acres. p. 9897

19. REA. Sen. Humphrey inserted a radio commentary on the REA organization hearings, which contended that there was a battle over the future policies of REA. pp. 9870-1

20. ELECTRIFICATION. Sen. Morse inserted a statement from the National Hells Canyon Ass'n criticizing the Administration for the failure to build a high dam at Hells Canyon. p. 9895

21. WATER POLLUTION. Sen. Morse urged greater effort against water pollution, and inserted two articles on efforts of industry and local government to avoid polluting rivers or other waters. pp. 9896-7

22. PAPER. Sen. Humphrey inserted an article by Sen. Proxmire, "Expanding Paper Industry Opportunity," on recent developments and advances in using forest products. pp. 9869-70

23. TRADE AGREEMENTS. Sen. Humphrey submitted and discussed an amendment to H. R. 12591, to extend the Trade Agreements Act for 5 years. The amendment would authorize adjustment assistance to those workers and industries displaced by foreign imports. pp. 9833-5

24. SOCIAL SECURITY. Received from the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Funds, a report on the activities of the Board for fiscal year 1957. p. 9830
25. STATEHOOD. Both Houses received from the United Presbyterian Church in the U. S. A. a resolution urging statehood for Alaska. pp. 9830, 9956
26. LEGISLATIVE PROGRAM. Sen. Johnson urged the Finance Committee to consider the reciprocal trade bill at the earliest possible date, and stated it would have the very highest priority when reported (p. 9830). He stated that H. J. Res. 427, to convey the Government reversionary right to a track in Kerr County, Tex., which has been made available for 4-H club purposes, would be considered today, June 13 (p. 9837).

ITEMS IN APPENDIX

27. ROADS. Extension of remarks of Sen. Johnson inserting an article describing the effects of the Highway Act of 1958 on the State of Texas. pp. A5359-60
28. COST OF LIVING. Extension of remarks of Sen. Proxmire again urging a study to develop a better understanding of the effect of all Federal governmental policies on the cost of living and inserting an article on this subject. pp. A5361-2
29. FARM PROGRAM. Sen. Humphrey inserted an article, "Corn Belt Sentiment About Nixon." p. A5362
Rep. Budge inserted an editorial, "Figures Favor Mr. Benson." p. A5398
30. FOREIGN AID. Extension of remarks of Sen. Jenner inserting an article, "VIP Group Sponsors Propaganda," and stating that it brings to the public's attention "behind-the-scene influences" on our foreign aid and foreign policy program. pp. A5368-9
Rep. Udall inserted an editorial in favor of continued foreign aid programs. pp. A5391-2
Rep. Merrow inserted an editorial, "Over \$9 Million of Foreign Aid Money Spent in New Hampshire." p. A5394
31. FOREIGN TRADE. Speeches in the House by Reps. McGovern and Philbin during debate on the trade agreements extension bill. pp. A5371-2, A5389-91
32. RECLAMATION. Extension of remarks of Rep. Chenoweth favoring the Fryingpan-Arkansas water diversion project. pp. A5377-8
33. PRICE SUPPORTS. Extension of remarks of Rep. Andersen inserting an editorial, "Parity For Whom," and stating that the editorial has given a "clear analysis of the whole question of parity and price supports for American agriculture." p. A5378
34. ELECTRIFICATION. Extension of remarks of Rep. Brownson criticizing the efforts made to have a high Federal dam in Hells Canyon authorized, and inserting an editorial opposing such public power proposals. p. A5396
Rep. Breeding stated his support for H. R. 11762, to transfer back to the REA Administrator the functions given to the Secretary of Agriculture in reorganization plans. p. A5408

pending bill, and I ask unanimous consent to have it printed and lie on the table, and also that the text of the amendment be printed in the RECORD.

The VICE PRESIDENT. The amendment will be received, printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 36, lines 21 through 25, and page 37, lines 1 through 10, strike out all of section 602 and insert in lieu thereof the following:

"SEC. 602. Section 14 of the National Labor Relations Act, as amended, is amended by adding a new subsection (c) as follows:

"(c) Nothing in this Act shall be deemed to prevent or bar any agency, or the courts, of any State or Territory from assuming and asserting jurisdiction over labor disputes over which the Board by rule or otherwise has declined to assert jurisdiction."

Mr. WATKINS. Mr. President, I should like to make an explanation of the amendment.

This amendment would amend Senate bill 3974, to deal more effectively with the problem of the "no man's land" in the regulation of labor relations. This gap exists because of the exercise of administrative discretion by the National Labor Relations Board in asserting jurisdiction over matters coming within the coverage of the act and the effect of Supreme Court decisions excluding the States from taking jurisdiction of such matters.

Section 602 of S. 3974 would forbid the Board to "adopt any rule of decision, regulation, standard, or policy" which would preclude it from taking jurisdiction where necessary to safeguard the rights of employer or employees under the act. This amendment instead would permit any State agency or court to act with respect to labor disputes over which the Board declines in any manner to assert jurisdiction. It would not curtail the Board's present authority to decline to assert jurisdiction when it determines that it would not effectuate the purposes of the act to do so.

Mr. KNOWLAND submitted an amendment, intended to be proposed by him, to Senate bill 3974, supra, which was ordered to lie on the table and to be printed.

Mr. KNOWLAND subsequently said: Mr. President, I ask unanimous consent that the amendment I sent to the desk earlier in the day relative to this bill may be printed in the body of the RECORD, as well as being printed and made available to Senators.

There being no objection, the text of the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT BY SENATOR KNOWLAND TO S. 3974

On page 26, line 2, strike out "Nothing", and insert in lieu thereof "Except as otherwise provided by section 306, nothing."

On page 28, between lines 15 and 16, insert the following new section:

"Sec. 306. (a) No strike shall be called or sanctioned by a labor organization unless at least 30 days prior to the commencement of such strike such labor organization shall have given notice thereof in writing to the National Labor Relations Board (hereinafter referred to as the "Board") and the

employer, and to the employees in the appropriate bargaining unit or units involved in the strike, either individually in writing, or by announcement at a meeting of such employees.

"(b) Upon the filing with the Board, upon or at any time after receipt by the Board of a notice given under subsection (a), of a petition therefor signed by at least 20 percent of the employees in the appropriate bargaining unit or units involved in the strike, the Board shall conduct a referendum among the employees of such unit or units on the question whether such strike should be called or continued. If a majority of those voting in the referendum vote against the strike, no strike shall be called or sanctioned or continued by the labor organization until at least 90 days have elapsed following the referendum, and notice has been given in accordance with subsection (a). If a majority of those voting in the referendum vote in favor of the strike, no subsequent petition may be filed under this subsection until at least 90 days have elapsed following such referendum, and unless such subsequent petition has been signed by at least 30 percent of the employees in the appropriate bargaining unit or units involved in the strike.

"(c) Any employee who participates in a strike which has been called without notice as required by subsection (a), or which has been called or continued after a majority of the employees in the appropriate bargaining unit or units involved in the strike voting in the most recent referendum conducted with respect to such strike under this section shall have voted against such strike, shall not during the existence of the strike or thereafter, unless reemployed or reinstated by the employer, be considered to be an employee of such employer for the purposes of the National Labor Relations Act or the Railway Labor Act.

"(d) Referenda provided for in this section shall be conducted by the Board, except that the Board may delegate, generally or in specific cases, authority to conduct such referenda to any public or private agency or organization which, in the opinion of the Board, is qualified to conduct such referenda.

"(e) Nothing contained in this section shall be construed to supersede or modify in any way the requirements of section 8 (d) of the National Labor Relations Act."

On page 34, line 20, strike out "Nothing", and insert in lieu thereof "Except as otherwise provided by section 306, nothing."

AMENDMENT OF INTERNAL REVENUE CODE OF 1954, TO CORRECT UNINTENDED BENEFITS AND HARDSHIPS—AMENDMENTS

Mr. MURRAY submitted an amendment, intended to be proposed by him, to the bill (H. R. 8381) to amend the Internal Revenue Code of 1954 to correct unintended benefits and hardships and to make technical amendments, and for other purposes, which was referred to the Committee on Finance, and ordered to be printed.

Mr. PROXMIRE submitted amendments, intended to be proposed by him, to House bill 8381, supra, which were ordered to lie on the table, and to be printed.

Mr. FULBRIGHT. Mr. President, I submit an amendment, intended to be proposed by me, to House bill 8381. I ask unanimous consent that a statement, prepared by me, relating to the amendment, may be printed in the RECORD.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on Finance; and, without objection, the statement will be printed in the RECORD.

The statement presented by Mr. FULBRIGHT is as follows:

STATEMENT BY SENATOR FULBRIGHT

BACKGROUND

S. 3651, which passed the Senate on June 9, 1958, would authorize the establishment of small-business investment companies to provide long-term credit and equity-type capital for small-business concerns. These new companies would be regulated and supervised by the Small Business Administration and the Securities and Exchange Commission.

During consideration of S. 3651 on the floor of the Senate, certain provisions relating to Federal taxation of the income of the companies themselves and the income of investors in the companies were deleted to overcome any objection which might be raised in the House of Representatives about the origination of revenue legislation in the Senate.

EXPLANATION OF TAX PROVISIONS

These tax provisions would apply to eligible small-business investment companies and to investors in such companies, as follows:

(1) The investment companies would be allowed an ordinary rather than a capital-loss deduction for losses on worthlessness or sale of certain convertible debentures, including stock received pursuant to the conversion privilege, acquired in connection with the provision of equity-type capital for small-business concerns.

(2) Investors in the stock of such investment companies would be allowed an ordinary rather than a capital-loss deduction on losses from worthlessness or sale of such stock.

(3) The companies would be allowed 100 percent rather than the usual 85 percent intercorporate dividends-received deduction.

In testimony before the Small Business Subcommittee on April 24, Dan Troop Smith, Deputy to the Secretary of the Treasury, stated:

"These tax provisions contained both in S. 3651 and in S. 3643, are consistent with recommendations which the Administration has made in connection with its small business tax proposals and elsewhere (H. R. 12084 and H. R. 12085). We endorse this tax approach. The provisions should be helpful in increasing the amount of funds available to the proposed investment companies and they are consistent with other tax recommendations and the general corporate tax law" (hearings, p. 170).

SPECIAL APPLICABILITY OF TAX PROVISIONS

Regardless of whether Federal tax laws should be amended to make provisions of this kind generally applicable, any objection to such a policy should be greatly diminished by the fact that small business investment companies are special purpose organizations to be carefully regulated and supervised by the Federal Government. Students of the "capital bank idea" have insisted that investments in such institutions are risky and that special tax incentives are essential.

EXTENSION OF TRADE AGREEMENTS ACT—AMENDMENT

Mr. HUMPHREY. Mr. President, I submit an amendment which I intend to propose when the Senate considers the bill (H. R. 12591) to extend the Trade Agreements Act. I ask unanimous consent that the amendment lie on the desk

until the close of Senate business next Monday in order that interested Senators may have the opportunity to add their names as cosponsors.

The VICE PRESIDENT. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Mr. President, I submit the amendment today, in order that the committee and all Senators may have an early opportunity to consider the language proposed in it. I would welcome the support of any Senators who care to cosponsor this amendment.

Mr. President, I ask unanimous consent that the text of the amendment be printed at this point in my remarks.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

At the end of the bill insert the following new section:

"SEC.—. For the purpose of sections 6 and 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., secs. 1363 and 1364), the Tariff Commission shall include in its investigations the possibilities for alternative employment for the production facilities and workers involved and shall report fully to the President the nature and extent of adjustment difficulties that have been occasioned by any concession made pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351). If the President refrains from increasing the protection afforded producers pursuant to an escape clause recommendation, he shall, to such extent as may be desirable and practicable, make full use of all available procedures heretofore or hereafter authorized by law, to avoid or ameliorate the economic hardships which particular communities, industries, enterprises, and individuals may suffer in the adjustment of their productive activities to the economic conditions created by our national trade policy, particularly by the lowering of trade barriers pursuant to section 350 of the Tariff Act of 1930 as amended (19 U. S. C., sec. 1351). If the President considers existing executive authority to be inadequate for this purpose, he is requested to submit to the Congress proposals for supplementary legislation."

Mr. HUMPHREY. Mr. President, this amendment is submitted today in partial fulfillment of a long-standing commitment which I have made to propose a trade adjustment amendment to the Trade Agreements Act. I ask unanimous consent that three press releases which I issued on March 9, 1958, March 28, 1958, and April 4, 1958, be printed in the RECORD as a part of my remarks.

There being no objection, the press releases were ordered to be printed in the RECORD, as follows:

MARCH 9, 1958.

TRADE ADJUSTMENT AMENDMENT PROPOSED ON RECIPROCAL TRADE PROGRAM

Senator HUBERT H. HUMPHREY, Democrat of Minnesota, today announced that he would offer a trade adjustment amendment to pending reciprocal trade agreements legislation to assist "certain industries which might be temporarily adversely affected by liberalization of our trade policy."

Addressing the Independent Bankers Association convention in Dallas, Tex., the Senator stressed the "vital interrelationship of a dynamic national economy, an expanded mutual security program, and liberalized foreign trade effort."

"The trade policy of the United States is clearly in serious trouble in the Congress,"

Senator HUMPHREY declared. "In my opinion it is absolutely essential that the reciprocal trade extension be passed without crippling amendments. If we present to the world a mutilated trade program we will have taken a step to discourage free world unity at the very time when the Soviet Union is in the midst of a trade offensive, however, phony it may be.

"Obviously, the closer our economic relations with our allies the more stable our political and military ties will be; contrariwise, the weaker our economic relations, the less effective our political and military unity against Soviet imperialism.

"There are also compelling domestic reasons for a liberal trade policy, since American ingenuity in most fields easily competes in world markets.

"However, there are certain selected and very limited industries which might be temporarily adversely affected by changes in our trade policy. It is my opinion that the Federal Government should assist industries, workers and communities so affected to readjust to more competitive lines. In past Congresses I have introduced a comprehensive trade adjustment program. In my opinion this would be a far better solution than the various amendments which are presently being offered.

"Therefore, I announce here and now," Senator HUMPHREY stated, "that I shall propose the trade adjustment program as an amendment to the reciprocal trade bill when it comes before the Senate for consideration. Together they will provide a strong, imaginative trade package which the Congress should endorse and the administration should support in the interest of a strong free world and of a rising living standard for us all."

"The trade adjustment program would establish a governmentwide 'adjustment assistance' board which would be empowered to assist communities, workers, and industries adversely affected by trade policy to readjust to more competitive lines," Senator HUMPHREY explained. "The program would provide that if the President in the overall national interest disregards the escape clause or peril point findings of the Tariff Commission, he could at the same time authorize the Board to extend the following benefits to United States communities and industries which are hurt by foreign competition:

"1. The Government would finance technical assistance to companies and communities needing it, to encourage diversification. Engineers, market researchers and other technicians would be financed for expert surveys out of Federal funds. Easier tax provisions for building new plants would be allowed, and import firms would be encouraged to enter such communities to stimulate new markets.

"2. Under present law, jobless payments last for varying periods up to 26 weeks. The trade-adjustment program provides that these payments would be extended for an additional 26 weeks over authorized State limits.

"3. Workers would be provided counseling, placement, and special training allowances, coupled with special moving allowances for workers seeking employment in other areas and fields."

Senator HUMPHREY emphasized that our current domestic economic relapse renders the challenge in the field of foreign trade even more critical.

"The situation is all the more urgent because of the recession now engulfing us at home," the Senator declared. "One way to keep American workers at work is to maintain our export markets abroad. Obviously since the United States exports far more than it imports, there are more workers employed in our export trade than could possibly be adversely affected by import competition.

"One of the grandiose fallacies of the high tariff protectionist argument has always been

that higher tariffs protected American jobs. For every possible job they ostensibly protect, 2 or 3 are lost through retaliatory tariff restrictions abroad against our exports. It is shocking, indeed, to realize that our good neighbor and best customer, Canada, has recently moved to boycott American goods because we have set up so many barriers to Canadian exports.

"Not only will an expanded reciprocal trade program help America recover from the recession, but it is required by the international political facts of life. Trade is now a primary weapon in the arsenal of the Communist economic offensive. Trade missions from the Soviet Union, Communist China, and the satellite countries have been busy, especially in the uncommitted countries of Asia and the Middle East. The number of trade agreements negotiated between the Communist bloc and other countries has more than doubled since 1953.

"In the face of commonsense economics at home and the Communist offensive abroad, let us not respond with an inconsistent, ostrichlike trade policy of high tariffs and threats of higher ones. To help those American industries which have a legitimate grievance against low-cost foreign competition, the Trade Adjustment Act which I have sponsored in Congress would be an effective temporary cushion during the adjustment period. That act would not be a permanent subsidy, but justifiable temporary assistance to help industries over the hump of accommodation to a new period of economic life."

MARCH 28, 1958.

RECIPROCAL TRADE RENEWAL FATE MAY HINGE ON TRADE ADJUSTMENT AMENDMENT

Senator HUBERT H. HUMPHREY, Democrat, of Minnesota, warned yesterday that "the very fate of the Reciprocal Trade Act renewal may well depend upon clear evidence by the administration and the Congress that we do not intend to let a few communities, industries, or groups of workers pay the cost of a national trade program."

Calling upon President Eisenhower to support as an amendment to the trade adjustment proposal designed for that purpose, Senator HUMPHREY member of the Senate Foreign Relations Committee and an active supporter of reciprocal trade extension, outlined his views on a talk before the National Conference of Organizations on International Trade Policy at the Sheraton-Park Hotel.

"I am convinced that there are enough marginal votes in the Congress which could be affected by a trade adjustment amendment to make the difference between victory and defeat on the basic act itself," Senator HUMPHREY declared.

"It is a proper and reasonable proposal for meeting the special problems of industries and communities and workers who are in fact affected by our trade policies. Since it is in the national interest that we aim to lower tariffs, it should be a matter of national responsibility to provide relief to those affected. The cost will be minimal—and the benefit to the program will be substantial."

Senator HUMPHREY first introduced the trade adjustment proposal as an amendment to renewal of the reciprocal trade program in 1955, after it had been recommended by the Randall Commission. It failed of passage at that time. Several weeks ago Senator HUMPHREY revealed he would again offer the amendment in the hope of aiding in passage of the trade program.

But the administration must "make up its mind" as to where it stands on the proposal, Senator HUMPHREY said.

"At the risk of seeming to inject a partisan note in this nonpartisan meeting, I cannot for the life of me understand the administration's failure to endorse the trade adjustment program—although there seems

to be some disagreement among Government spokesmen.

"I am glad to note that Secretary of State Dulles, in his appearance before the Ways and Means Committee, endorsed the program in principle. But two administration spokesmen who should be best acquainted with the needs of American industry and American workers—the Secretary of Commerce and the Secretary of Labor—have reflected official administration resistance.

"Only yesterday, however, the President was asked in his press conference whether he would support a trade adjustment amendment. The President indicated that he was not familiar with the proposal. This gives me some hope that when he does take a look at this important proposal he will give it his blessing—even though some of his Cabinet members have presumed to speak adversely for the administration on this subject.

"Despite my sharp disagreements with Secretary Dulles in the past, and despite my great fondness for Secretary Mitchell, I say in all candor that in this case I hope the President takes the advice of Mr. Dulles rather than that of Mr. Mitchell.

"With all sincerity and good will, I call upon the President of the United States to take a good look at the trade adjustment proposal—with the hope he will support it as the most effective means of saving reciprocal trade," Senator HUMPHREY declared.

[Newsletter of Senator HUBERT H. HUMPHREY, of Minnesota]

APRIL 4, 1958.

RECIPROCAL TRADE

Extension of the Reciprocal Trade Agreements Act is a hot issue now in Congress. The theory behind reciprocal trade is simple—that the United States benefits from trading with foreign nations. Last year we sent overseas nearly \$20 billion in exports. These exports, including about \$1 billion in farm products, provided jobs for more than 4½ million Americans—about 7 percent of our labor force. The reciprocal trade program gives the President authority to lower tariffs and trade restrictions to encourage expansion of our exports and imports. Of course, when we do this, we get corresponding concessions from the countries with which we trade. Also there are provisions to protect American agriculture and industry from unfair competition and to protect essential defense industries.

TRADE ADJUSTMENT

The severe recession we are now suffering produces new complaints about low-priced imports hurting American industry and putting American workers out of their jobs. But if we cut back on the imports we allow into the United States, the foreign countries with which we trade will cut back on the goods they buy from us—our exports. Such cutbacks will hurt our economy far more than would any gradual increase in imports. Our imports last year were only \$13 billion compared to exports of \$20 billion. Far more American workers are hurt by cutbacks in exports than would be helped by cutbacks in imports. So there is a very sound basis for liberalizing and increasing our foreign trade. To maintain a high level of exports, we must continue to import so foreign countries can buy from us. To help those industries and communities which are temporarily hurt by our trade policies, I am proposing a trade adjustment amendment to the reciprocal trade legislation. Under this program, the Government would ease transition problems by extended unemployment payments, tax benefits for affected industries, market research, and stimulation of new markets. Since it is in the national interest that we lower tariffs, it is our national responsibility to help those affected.

Mr. HUMPHREY. Mr. President, I also refer to my remarks before the National Conference of Organizations on International Trade Policy which I inserted in the CONGRESSIONAL RECORD on March 27, 1958, on pages 4978–4981. In that speech I stressed the importance of trade-adjustment legislation.

The amendment which I am submitting is an attempt to strengthen the reciprocal-trade program. In previous Congresses I have introduced legislation to ameliorate adverse effects that might occur in various industries because of our national trade policy, desirable as I feel that policy to be.

Very shortly I intend to introduce a revised version of trade-adjustment legislation which I have previously sponsored. That legislation is more detailed and complex than the amendment I submit today. I also intend to address myself early next week to the whole issue of reciprocal trade and the role that trade-adjustment assistance could play in this overall legislation.

The short amendment which I send to the desk today, Mr. President, is a slight revision of a draft suggested to the Ways and Means Committee of the House by Representatives by Representative EUGENE MCCARTHY, of the State of Minnesota. I regret that the rule under which House bill 12591 came before the other body precluded a debate and vote on this issue there.

The present amendment is a statement of congressional intent that communities, industries, enterprises, and individuals be aided in adjusting their productive activities to the economic conditions created by the lowering of trade barriers. The amendment directs the Tariff Commission to include in its escape-clause investigations surveys of alternate uses of resources in trade-affected communities. Then it directs the President to use all appropriate agencies of the Government to render assistance to enable them to readjust. He may use such procedures as are presently available or those that might become available through the enactment of such legislation as area-redevelopment assistance as passed by the Senate earlier this session.

The United States Government is not without present resources that could be employed to assist communities, industries, and individuals to adapt to the changing economic conditions brought about by trade policy.

As examples, let me cite the technical-assistance services of the Department of Commerce, the Small Business Administration, the Department of the Interior, and the Atomic Energy Commission; the loan facilities of the Treasury's Office of Defense Lending, the Department of the Interior, and the Small Business Administration; and the procurement assistance of the Department of Labor and the Office of Defense Mobilization and Department of Defense.

We have all these agencies at present prepared to offer services of various kinds. What is needed is a determination by Congress that the agencies direct specific effort toward assisting those

parts of our economy that have suffered dislocations because of lowered trade barriers. My amendment states this intent.

Mr. President, while I believe that a statement of Congressional intent such as I am proposing here today is a necessary first step in a program of trade adjustment assistance, I do not pretend it is the final answer.

I believe that the situation really requires special machinery and special programs of legislation to insure that the actual people and the actual firms that need help receive it. But a beginning is better than nothing and the amendment I propose today constitutes such a beginning.

Because we are involved today with other important legislation, I shall postpone further comments on adjustment assistance until I speak next week in support of our reciprocal trade program.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on Finance.

AMENDMENT OF THE TRADE-MARK LAWS—ADDITIONAL SPONSOR OF BILL

Mr. JAVITS. Mr. President, I ask unanimous consent that my name may be included as a cosponsor of the bill (S. 233) to amend the trade-mark laws in order to permit greater freedom to American tourists returning from abroad, in bringing in goods for their personal use, when the bill is next printed. It was introduced in the first session of this Congress by the distinguished Senator from Maine [Mr. PAYNE]; and I am making this request after consultation with him.

The VICE PRESIDENT. Without objection, it is so ordered.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, and so forth, were ordered to be printed in the Appendix, as follows:

By Mr. JOHNSON of Texas:

Article on Texas highway construction in connection with Federal Aid Highway Act of 1958, written by Callan Graham, and accompanying table, published in the May 1958 issue of Texas Parade magazine.

By Mr. YARBOROUGH:

Resolution adopted on May 29, 1958, at Austin, Tex., by the directors of the Texas Federation of Cooperatives, relating to the Government cotton program; which will appear hereafter in the Appendix.

By Mr. WILEY:

Editorial entitled "Tornadoes and Killer Autos," published in the Milwaukee Journal of Sunday, June 8, 1958; news article entitled "Wisconsin Highways Are Stressing Safety Factors," published in the Wisconsin Teamster of May 2, 1958.

Article dealing with the employment of additional workers by American Motors.

By Mr. PROXMIRE:

United Press-International article entitled "Price Cuts Won't Help Economy," Survey Told," published in the newspapers of Tuesday, June 10, 1958.

By Mr. HUMPHREY:

Article entitled "Corn Belt Sentiment About Nixon," written by Roland Evans, Jr., published in the Washington Post and Times Herald of June 1, 1958.

ALUMINUM AND WORLD TRADE

Mr. HOBLITZELL. Mr. President, I should like to make a few remarks in regard to aluminum and world trade.

First. The growth of the aluminum industry, from a domestic primary production of 409,630 tons, in 1946, to 1,647,710 tons, in 1957—an increase of over 300 percent—has made it possible for more Americans to enjoy the benefits of aluminum in more ways than do any other people in the world. The per capita consumption of aluminum in the United States is 21 pounds a year as against an average of less than 1½ pounds for the rest of the world.

Second. The Federal Government encouraged this expansion of production and capacity through the lease and sale of its surplus World War II plants in 1946, the Korean mobilization program of 1950, and the inquiry into shortages by the House Small Business Committee in 1955. As a result of the industry's cooperative response to these Government efforts, involving private investments since 1946 of over \$2½ billion, domestic primary capacity now amounts to 1,989,000 tons.

Third. Since 1956, the United States has had sufficient producing and fabricating capacity to supply all domestic requirements. With low and continuously declining tariffs, however, and despite poorer market conditions in the United States during 1957, aluminum imports not only continued to come in, but actually increased. As a result, since December 1956, domestic producers have been compelled to exercise their "put" rights under the Korean mobilization expansion contracts. As a partial offset to the 222,000 tons of primary imports during 1957, the Government consequently purchased, that year, 208,000 tons of domestic production under these put provisions. Since domestic capacity continues to be substantially in excess of market needs, every ton of imports adds to the necessity of exercising these put rights, which amount to 345,000 tons in 1958, and 197,000 tons in 1959.

Fourth. During recent months, the pressure of Canadian and European aluminum on United States markets has become particularly serious as a direct result of Soviet economic warfare tactics in Europe. Until 1955, the Soviet Union was a net importer of primary aluminum. During that year it began to export aluminum to the free world, and, because of shortage conditions, charged whatever the traffic would bear, much more than the domestic producers' prices. During 1956 and 1957, Russia increased its free world exports, especially to Britain, West Germany, and Belgium.

The volume of Russia's net exports—13,000 tons in 1955, 26,400 tons in 1956, and 34,800 tons in 1957—is not as significant as are the marketing methods Russia used. Russia offered and sold its aluminum on a market-breaking

basis, below regular prices, regardless of how low they might go, and regardless of Russia's own costs. To break the free world price, Russia focused its sales efforts principally on the British market, a major link in Aluminum Ltd.'s worldwide market network. This producer has in the past accounted for about 70 percent of the primary aluminum moving in free world markets. By weakening the British price, Russia could thus use Aluminum Ltd.'s worldwide marketing system to weaken all free world aluminum markets, including that of the United States.

These Russian tactics so disrupted the British market that Aluminum Ltd. formally requested antidumping action by the Government; but thus far there has been no response to this request. As of April 1, 1958, Aluminum Ltd. matched the Soviet price in Britain by cutting its world price, including the United States price, 2 cents a pound. Russia is now again cutting below this new low price, in accord with its market-breaking policy.

The net effect has been a reduced price without any increased sales in all free world markets, including the United States market. The Canadian, French, and Norwegian aluminum displaced in European markets by Soviet aluminum is now being offered in United States markets at depressed prices, further weakening the market here.

Fifth. The damaging effect of these developments is strikingly evident, being timed by the Soviet to add impact to the recession. The combined effect of these domestic and foreign developments has been to compel domestic aluminum producers to exercise all of their put rights, at considerable expense to the Government, and also to shut down almost one-third of their productive capacity, as well as a substantial part of their fabricating capacity. Over 605,000 tons of primary capacity are now idle. Their idleness also has meant unemployment for almost 20,000 of the industry's workers, and unemployment for the hundreds of millions invested in these facilities.

Sixth. Neither the reciprocal trade nor the antidumping laws offer adequate protection against the added burden being saddled on the domestic aluminum industry by the Soviet Union. Because we have pioneered and advanced the use of aluminum more than any other nation has, foreign producers and fabricators turn first to our market when they have difficulties in their regular market.

Seventh. Aluminum has become our second most important basic metal, surpassed only by steel. We need a healthy and strong aluminum industry to meet our civilian and national security needs efficiently and economically. An industry unnecessarily dependent on imports is unnecessarily weak. Witness the predicament of the copper, nickel, and newsprint industries and of their customers. Domestically, the fundamental cure to the recession is the resumption of the economy's growth. The aluminum industry, for over a decade, has been a leader in creating the new uses and markets which have been the basis of sound growth until now. It can make its

full contribution to recovery if its resources are not wasted and diverted by the necessity of fending off Soviet economic warfare on its own, without adequate Government protection and assistance. With proper Government safeguards, the aluminum industry could resume its aggressive development of aluminum's potentials to the benefit of industry and the consumer, competing with other industries and with foreign producers and fabricators on a business basis.

Mr. President, I ask unanimous consent to have a table on the subject printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*The Soviet shift in aluminum world trade—
from importer to exporter—1950-57*

[Short tons]		
	Soviet bloc imports from free world	Soviet bloc exports to free world
1950.....	17,400	0
1951.....	4,900	300
1952.....	6,700	0
1953.....	6,900	0
1954.....	5,200	100
1955.....	200	13,200
1956.....	4,200	30,600
1957.....	2,200	137,000

¹ Including United Kingdom, 17,100 tons; Belgium-Luxembourg, 6,400 tons; West Germany, 2,300 tons.

OUR DEFENSE POLICY RECONSIDERED—VII—THE MORAL ASPECTS OF OUR DEFENSE

Mr. FLANDERS. Mr. President, I ask unanimous consent to address the Senate for 6 minutes.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Vermont may proceed.

Mr. FLANDERS. This is the seventh and last of the series of brief talks which I have given in this place under the general heading: "Our Defense Policy Reconsidered." I hope that in these talks the necessity has been shown for analyzing our defense problem.

It is essential that we accept and organize the atomic stalemate, which is the world's defense from nuclear destruction.

It is essential that we understand and organize a second balance of power against the danger of lesser wars and threats of wars. For this the policy of graduated deterrence will serve, accepting tactical atomic weapons when and where they are needed to pose a counterforce against the overwhelming Communist strength in conventional armament and armies.

We can construct a balance here if we see the problem plainly, announce our policy clearly and in emergencies act with measured strength, but unmeasured determination.

These plans and these objectives must be built into our military structure. We cannot be vague about this; we must be direct. If we are intelligent and straightforward, we and our allies will have a defense which is efficient, not haphazard

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JUNE 12, 1958

Read twice and referred to the Committee on Finance

AN ACT

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Trade Agreements Ex-
4 tension Act of 1958".

5 SEC. 2. The period during which the President is au-
6 thorized to enter into foreign trade agreements under section
7 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec.
8 1351), is hereby extended from the close of June 30, 1958,
9 until the close of June 30, 1963.

10 SEC. 3. (a) Subsection (a) of section 350 of the Tariff

1 Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is
2 amended as follows:

3 (1) Paragraph (2) (A) is amended by striking out
4 "January 1, 1945" and by inserting in lieu thereof "July 1,
5 1934".

6 (2) Paragraph (2) (D) is amended by inserting "and
7 before July 1, 1958," after "June 12, 1955,".

8 (3) The last sentence of paragraph (2) (D) (ii) is
9 amended by striking out "section 402 of this Act (as in
10 effect" and inserting in lieu thereof "section 402 or 402a
11 of this Act (as in effect, with respect to the article con-
12 cerned,".

13 (4) Paragraph (2) is amended by adding at the end
14 thereof the following new subparagraph:

15 "(E) In order to carry out a foreign trade agree-
16 ment entered into by the President on or after July 1,
17 1958, decreasing any rate of duty below the lowest of
18 the rates provided for in paragraph (4) (A) of this
19 subsection."

20 (5) Paragraph (3) (A) is amended (A) by striking
21 out "of subparagraphs (B) and (C) of this paragraph,"
22 and by inserting in lieu thereof "of subparagraphs (B) and
23 (C) of this paragraph and of subparagraph (B) of para-
24 graph (4) of this subsection," and (B) by striking out

1 “suspension under paragraph (4)” and by inserting in lieu
2 thereof “suspension under paragraph (5)”.

3 (6) Paragraph (3) (D) is amended by striking out
4 “paragraph (2) (C) or (D)” and by inserting in lieu
5 thereof “paragraph (2) (C) or (D) or paragraph (4)
6 (A) or (B)”.

7 (7) Paragraphs (4) and (5) are renumbered as para-
8 graphs (5) and (6), respectively.

9 (8) Subsection (a) is amended by inserting after
10 paragraph (3) the following new paragraph:

11 “(4) (A) No proclamation pursuant to paragraph (1)
12 (B) of this subsection shall be made, in order to carry out
13 a foreign trade agreement entered into by the President on
14 or after July 1, 1958, decreasing any rate of duty below
15 the lowest of the following rates:

16 “(i) The rate which would result from decreasing
17 the rate existing on July 1, 1958, by 25 per centum of
18 such rate.

19 “(ii) Subject to paragraph (2) (B) of this sub-
20 section, the rate 2 per centum ad valorem below the
21 rate existing on July 1, 1958.

22 “(iii) The rate 50 per centum ad valorem or, in
23 the case of any article subject to a specific rate of duty
24 or to a combination of rates including a specific rate,

1 any rate (or combination of rates), however stated, the
2 ad valorem equivalent of which has been determined as
3 50 per centum ad valorem.

4 The provisions of clauses (ii) and (iii) of this subparagraph
5 and of subparagraph (B) (ii) of this paragraph shall, in the
6 case of any article subject to a combination of ad valorem
7 rates of duty, apply to the aggregate of such rates; and, in
8 the case of any article subject to a specific rate of duty or
9 to a combination of rates including a specific rate, such
10 provisions shall apply on the basis of the ad valorem
11 equivalent of such rate or rates, during a representative
12 period (whether or not such period includes July 1, 1958),
13 determined in the same manner as the ad valorem equivalent
14 of rates not stated wholly in ad valorem terms is determined
15 for the purpose of paragraph (2) (D) (ii) of this sub-
16 section.

17 “(B) (i) In the case of any decrease in duty to which
18 clause (i) of subparagraph (A) of this paragraph applies,
19 such decrease shall become initially effective in not more
20 than five annual stages, and no amount of decrease becoming
21 initially effective at one time shall exceed 10 per centum
22 of the rate of duty existing on July 1, 1958, or, in any case
23 in which the rate has been increased since that date, exceed
24 such 10 per centum or one-third of the total amount of the

1 decrease under the foreign trade agreement, whichever is
2 the greater.

3 “(ii) In the case of any decrease in duty to which clause
4 (ii) of subparagraph (A) of this paragraph applies, such
5 decrease shall become initially effective in not more than
6 five annual stages, and no amount of decrease becoming
7 initially effective at one time shall exceed 1 per centum
8 ad valorem or, in any case in which the rate has been in-
9 creased since July 1, 1958, exceed such 1 per centum or
10 one-third of the total amount of the decrease under the foreign
11 trade agreement, whichever is the greater.

12 “(iii) In the case of any decrease in duty to which
13 clause (iii) of subparagraph (A) of this paragraph applies,
14 such decrease shall become initially effective in not more
15 than five annual stages, and no amount of decrease becom-
16 ing initially effective at one time shall exceed one-third of the
17 total amount of the decrease under the foreign trade
18 agreement.

19 “(C) In the case of any decrease in duty to which sub-
20 paragraph (A) of this paragraph applies, no part of a de-
21 crease after the first part shall become initially effective (i)
22 until the immediately previous part shall have been in effect
23 for a period or periods aggregating not less than one year,
24 nor (ii) after the first part shall have been in effect for a

1 period or periods aggregating more than four years. If
2 any part of a decrease has become effective, then any time
3 thereafter during which such part of the decrease is not in
4 effect by reason of legislation of the United States or action
5 thereunder shall be excluded in determining when the four-
6 year period expires.”

7 (b) Subsection (b) of section 350 of the Tariff Act of
8 1930, as amended (19 U. S. C., sec. 1351 (b)), is amended
9 (1) by striking out “exclusive” in the first sentence, and
10 (2) by amending paragraph (2) to read as follows:

11 “(2) In order to carry out a foreign trade agree-
12 ment entered into by the President on or after June 12,
13 1955, below the applicable alternative specified in sub-
14 section (a) (2) (C) or (D) or (4) (A) (subject
15 to the applicable provisions of subsection (a) (3) (B),
16 (C), and (D) and (4) (B) and (C)), each such
17 alternative to be read for the purposes of this paragraph
18 as relating to the rate of duty applicable to products of
19 Cuba. With respect to products of Cuba, the limitation
20 of subsection (a) (2) (D) (ii) or (4) (A) (iii)
21 may be exceeded to such extent as may be required to
22 maintain an absolute margin of preference to which such
23 products are entitled.”

24 (c) Paragraph (2) (A) of subsection (c) of section
25 350 of the Tariff Act of 1930, as amended (19 U. S. C.,

1 sec. 1351 (c) (2) (A)), is amended by striking out
2 “‘existing on January 1, 1945’ and ‘existing on January 1,
3 1955’ ” and by inserting in lieu thereof “ ‘existing on July 1,
4 1934’, ‘existing on January 1, 1945’, ‘existing on January 1,
5 1955’, and ‘existing on July 1, 1958’ ”.

6 (d) Paragraph (1) of subsection (e) of section 350
7 of the Tariff Act of 1930, as amended (19 U. S. C., sec.
8 1351 (e) (1)), is amended by inserting after “(including
9 the incorporation therein of escape clauses),” the following:
10 “the results of action taken to obtain removal of foreign trade
11 restrictions (including discriminatory restrictions) against
12 United States exports, remaining restrictions, and the meas-
13 ures available to seek their removal in accordance with the
14 objectives of this section,”.

15 (e) Section 350 of the Tariff Act of 1930, as amended
16 (19 U. S. C., sec. 1351), is amended by adding at the end
17 thereof the following new subsection:

18 “(f) It is hereby declared to be the sense of the Con-
19 gress that the President, during the course of negotiating
20 any foreign trade agreement under this section, should seek
21 information and advice with respect to such agreement from
22 representatives of industry, agriculture, and labor.”

23 SEC. 4. (a) The third sentence of subsection (a) of sec-
24 tion 3 of the Trade Agreements Extension Act of 1951,
25 as amended (19 U. S. C., sec. 1360 (a)), is amended by

1 striking out "120 days" and inserting in lieu thereof "six
2 months". The last sentence of such subsection is amended
3 by striking out "120-day" and inserting in lieu thereof
4 "six-month".

5 (b) Subsection (b) of section 3 of the Trade Agree-
6 ments Extension Act of 1951, as amended (19 U. S. C.,
7 sec. 1360 (b)), is amended by adding at the end thereof
8 the following new sentence: "If in the course of any such
9 investigation the Commission shall find with respect to any
10 article on the list upon which a tariff concession has been
11 granted that an increase in duty or additional import re-
12 striction is required to avoid serious injury to the domestic
13 industry producing like or directly competitive articles, the
14 Commission shall promptly institute an investigation with
15 respect to that article pursuant to section 7 of this Act."

16 SEC. 5. (a) The first paragraph of subsection (a) of
17 section 7 of the Trade Agreements Extension Act of 1951,
18 as amended (19 U. S. C., sec. 1364 (a)), is amended by
19 striking out "any interested party" and inserting in lieu
20 thereof "any interested party (including any organization
21 or group of employees)".

22 (b) (1) The first paragraph of section 7 (a) of such
23 Act is amended by striking out "nine months" and inserting
24 in lieu thereof "six months".

25 (2) The amendment made by paragraph (1) shall

1 apply only with respect to applications made after the date
2 of the enactment of this Act.

3 (c) Section 7 of the Trade Agreements Extension Act
4 of 1951, as amended (19 U. S. C., sec. 1364), is amended
5 by adding at the end thereof the following new subsection:

6 “(f) In carrying out the provisions of this section the
7 President may, notwithstanding section 350 (a) (2) of the
8 Tariff Act of 1930, as amended, impose a duty not in excess
9 of 50 per centum ad valorem on any article not otherwise
10 subject to duty.”

11 SEC. 6. Subsection (c) of section 7 of the Trade Agree-
12 ments Extension Act of 1951, as amended (19 U. S. C.,
13 sec. 1364 (c)), is amended by inserting “(1)” after “(c)”
14 at the beginning thereof, and by adding at the end thereof
15 the following:

16 “(2) The action so found and reported by the Com-
17 mission to be necessary shall take effect (as provided in the
18 first sentence of paragraph (1) or in paragraph (3), as
19 the case may be) —

20 “(A) if approved by the President, or

21 “(B) if disapproved by the President in whole or
22 in part, upon the adoption by both Houses of the Con-
23 gress (within the 60-day period following the date on
24 which the report referred to in the second sentence of

1 paragraph (1) is submitted to such committees), by the
2 yeas and nays by a two-thirds vote of each House, of
3 a concurrent resolution stating in effect that the Senate
4 and House of Representatives approve the action so
5 found and reported by the Commission to be necessary.
6 For the purposes of subparagraph (B), in the computation
7 of the 60-day period there shall be excluded the days on
8 which either House is not in session because of an adjourn-
9 ment of more than 3 days to a day certain or an adjournment
10 of the Congress sine die.

11 “(3) In any case in which the contingency set forth
12 in paragraph (2) (B) occurs, the President shall (within
13 15 days after the adoption of such resolution) take such
14 action as may be necessary to make the adjustments, im-
15 pose the quotas, or make such other modifications as were
16 found and reported by the Commission to be necessary.”

17 SEC. 7. (a) The following subsections of this section are
18 enacted by the Congress:

19 (1) As an exercise of the rulemaking power of the
20 Senate and the House of Representatives, respectively,
21 and as such they shall be considered as part of the rules
22 of each House, respectively, but applicable only with
23 respect to the procedure to be followed in such House in
24 the case of resolutions (as defined in subsection (b));

1 and such rules shall supersede other rules only to the
2 extent that they are inconsistent therewith; and

3 (2) With full recognition of the constitutional right
4 of either House to change such rules (so far as relating
5 to the procedure in such House) at any time, in the same
6 manner and to the same extent as in the case of any other
7 rule of such House.

8 (b) As used in this section, the term “resolution” means
9 only a concurrent resolution of the two Houses of Congress,
10 the matter after the resolving clause of which is as follows:
11 “That the Senate and House of Representatives approve the
12 action—

13 “(1) found and reported by the United States
14 Tariff Commission to be necessary to prevent or remedy
15 serious injury to the respective domestic industry, in its
16 report to the President dated , 19 , on
17 its escape-clause investigation numbered under the
18 provisions of section 7 of the Trade Agreements Extension
19 Act of 1951, as amended (19 U. S. C., sec. 1364),
20 and

21 “(2) disapproved by the President in whole or in
22 part in his report (dated , 19) pursuant to
23 the second sentence of paragraph (1) of section 7 (c)
24 of such Act.”,

1 the blank spaces therein being appropriately filled; and does
2 not include a concurrent resolution which specifies more than
3 one such investigation.

4 (c) A resolution with respect to an investigation shall
5 be referred to the Committee on Finance of the Senate or to
6 the Committee on Ways and Means of the House of Rep-
7 resentatives by the President of the Senate or the Speaker of
8 the House of Representatives, as the case may be.

9 (d) (1) If the committee to which has been referred
10 a resolution with respect to an investigation has not reported
11 it before the expiration of ten calendar days after its intro-
12 duction (or, in the case of a resolution received from the
13 other House, ten calendar days after its receipt), it shall
14 then (but not before) be in order to move either to dis-
15 charge the committee from further consideration of such
16 resolution, or to discharge the committee from further con-
17 sideration of any other resolution with respect to such in-
18 vestigation which has been referred to the committee.

19 (2) Such motion may be made only by a person favor-
20 ing the resolution, shall be highly privileged (except that it
21 may not be made after the committee has reported a resolu-
22 tion with respect to the same investigation), and debate
23 thereon shall be limited to not to exceed one hour, to be equally
24 divided between those favoring and those opposing the reso-
25 lution. No amendment to such motion shall be in order,

1 and it shall not be in order to move to reconsider the vote
2 by which such motion is agreed to or disagreed to.

3 (3) If the motion to discharge is agreed to or disagreed
4 to, such motion may not be renewed, nor may another mo-
5 tion to discharge the committee be made with respect to
6 any other resolution with respect to the same investigation.

7 (e) (1) When the committee has reported, or has been
8 discharged from further consideration of, a resolution with
9 respect to an investigation it shall at any time thereafter be
10 in order (even though a previous motion to the same effect
11 has been disagreed to) to move to proceed to the considera-
12 tion of such resolution. Such motion shall be highly privi-
13 leged and shall not be debatable. No amendment to such
14 motion shall be in order and it shall not be in order to move
15 to reconsider the vote by which such motion is agreed to or
16 disagreed to.

17 (2) Debate on the resolution shall be limited to not to
18 exceed ten hours, which shall be equally divided between
19 those favoring and those opposing the resolution. A motion
20 further to limit debate shall not be debatable. No amend-
21 ment to, or motion to recommit, the resolution shall be in
22 order, and it shall not be in order to move to reconsider the
23 vote by which the resolution is agreed to or disagreed to.

24 (f) (1) All motions to postpone, made with respect to
25 the discharge from committee, or the consideration of, a reso-

1 lution with respect to an investigation, and all motions to
 2 proceed to the consideration of other business, shall be
 3 decided without debate.

4 (2) All appeals from the decisions of the Chair relating
 5 to the application of the rules of the Senate or the House of
 6 Representatives, as the case may be, to the procedure
 7 relating to a resolution with respect to an investigation shall
 8 be decided without debate.

9 (g) If, prior to the passage by one House of a resolu-
 10 tion of that House with respect to an investigation, such
 11 House receives from the other House a resolution with re-
 12 spect to the same investigation, then—

13 (1) If no resolution of the first House with respect
 14 to such investigation has been referred to committee,
 15 no other resolution with respect to the same investigation
 16 may be reported or (despite the provisions of subsection
 17 (d) (1)) be made the subject of a motion to discharge.

18 (2) If a resolution of the first House with respect
 19 to such investigation has been referred to committee—

20 (A) the procedure with respect to that or other
 21 resolutions of such House with respect to such in-
 22 vestigation which have been referred to committee
 23 shall be the same as if no resolution from the other
 24 House with respect to such investigation had been
 25 received; but

(B) on any vote on final passage of a resolution of the first House with respect to such investigation the resolution from the other House with respect to such investigation shall be automatically substituted for the resolution of the first House.

SEC. 8. (a) Section 2 of the Act entitled "An Act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended", approved July 1, 1954, as amended by section 7 of the Trade Agreements Extension Act of 1955 (19 U. S. C., sec. 1352a), is amended to read as follows:

"SEC. 2. (a) No action shall be taken pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), to decrease the duty on any article if the President finds that such reduction would threaten to impair the national security.

"(b) Upon request of the head of any Department or Agency, upon application of an interested party, or upon his own motion, the Director of the Office of Defense Mobilization (hereinafter in this section referred to as the 'Director') shall immediately make an appropriate investigation, in the course of which he shall seek information and advice from other appropriate Departments and Agencies, to determine the effects on the national security of imports of the article which is the subject of such request, application, or motion.

1 If, as a result of such investigation, the Director is of the
2 opinion that the said article is being imported into the
3 United States in such quantities or under such circumstances
4 as to threaten to impair the national security, he shall
5 promptly so advise the President, and, if the President de-
6 termines that the article is being imported into the United
7 States in such quantities or under such circumstances as to
8 threaten to impair the national security, he shall take such
9 action, and for such time, as he deems necessary to adjust the
10 imports of such article so that such imports will not threaten
11 to impair the national security.

12 “(c) For the purposes of this section, the Director and
13 the President shall, in the light of the requirements of na-
14 tional security and without excluding other relevant factors,
15 give consideration to domestic production needed for pro-
16 jected national defense requirements, the capacity of domes-
17 tic industries to meet such requirements, existing and antic-
18 ipated availabilities of the human resources, products, raw
19 materials, and other supplies and services essential to the
20 national defense, the requirements of growth of such indus-
21 tries and such supplies and services including the invest-
22 ment, exploration, and development necessary to assure such
23 growth, and the importation of goods in terms of their
24 quantities, availabilities, character, and use as those affect

1 such industries and the capacity of the United States to meet
2 national security requirements.

3 “(d) A report shall be made and published upon the
4 disposition of each request, application, or motion under
5 subsection (b). The Director shall publish procedural regu-
6 lations to give effect to the authority conferred on him by
7 subsection (b).

8 “(e) The Director, with the advice and consultation of
9 other appropriate Departments and Agencies and with the
10 approval of the President, shall by February 1, 1959, submit
11 to the Congress a report on the administration of this section.
12 In preparing such a report, an analysis should be made of
13 the nature of projected national defense requirements, the
14 character of emergencies that may give rise to such require-
15 ments, the manner in which the capacity of the economy to
16 satisfy such requirements can be judged, the alternative
17 means of assuring such capacity and related matters.”

18 (b) The amendment made by subsection (a) shall not
19 affect any action taken or determinations made before the
20 date of the enactment of this Act.

21 SEC. 9. (a) Subsection (a) of section 333 of the Tariff
22 Act of 1930 (19 U. S. C., sec. 1333 (a)) is amended to
23 read as follows:

24 “(a) AUTHORITY TO OBTAIN INFORMATION.—For the

1 purposes of carrying out its functions and duties in connection
2 with any investigation authorized by law, the commission
3 or its duly authorized agent or agents (1) shall have access
4 to and the right to copy any document, paper, or record,
5 pertinent to the subject matter under investigation, in the
6 possession of any person, firm, copartnership, corporation,
7 or association engaged in the production, importation, or dis-
8 tribution of any article under investigation, (2) may sum-
9 mon witnesses, take testimony, and administer oaths, (3)
10 may require any person, firm, copartnership, corporation,
11 or association to produce books or papers relating to any
12 matter pertaining to such investigation, and (4) may require
13 any person, firm, copartnership, corporation, or association
14 to furnish in writing, in such detail and in such form as the
15 commission may prescribe, information in their possession
16 pertaining to such investigation. Any member of the com-
17 mission may sign subpoenas, and members and agents of the
18 commission, when authorized by the commission, may admin-
19 ister oaths and affirmations, examine witnesses, take testi-
20 mony, and receive evidence.”

21 (b) Subsection (d) of section 333 of the Tariff Act of
22 1930 (19 U. S. C., sec. 1333 (d)) is amended by striking
23 out “under Part II of this title” and inserting in lieu thereof
24 “before the commission”.

1 (c) (1) Subsection (a) of section 336 of the Tariff Act
2 of 1930 (19 U. S. C., sec. 1336 (a)) is amended by striking
3 out the third sentence thereof. The first sentence of subsec-
4 tion (c) of section 337 of the Tariff Act of 1930 (19
5 U. S. C., sec. 1337 (c)) is amended by striking out “under
6 and in accordance with such rules as it may promulgate”.

7 (2) Part II of title III of the Tariff Act of 1930 (19
8 U. S. C., sec. 1330, et seq.) is amended by inserting after
9 section 334 the following new section :

10 **“SEC. 335. RULES AND REGULATIONS.**

11 “The commission is authorized to adopt such reasonable
12 procedures and rules and regulations as it deems necessary to
13 carry out its functions and duties.”

14 SEC. 10. The enactment of this Act shall not be con-
15 strued to determine or indicate the approval or disapproval
16 by the Congress of the executive agreement known as the
17 General Agreement on Tariffs and Trade.

Passed the House of Representatives June 11, 1958.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JUNE 12, 1958

Read twice and referred to the Committee on Finance

11. COTTON. Passed without amendment H. R. 11399, to authorize the Secretary to set the levels of price support for extra long-staple cotton at between 60 to 75 percent of parity. This bill will now be sent to the President. p. 10765
12. DEFENSE PRODUCTION. Passed without amendment H. R. 10969 (in place of a similar bill S. 3323), to extend the Defense Production Act for 2 years until June 30, 1960. This bill will now be sent to the President. pp. 10773-4
13. LIVESTOCK LOANS. Passed as reported H. R. 11424, to extend for 2 years, through July 14, 1961, the authority of the Secretary to extend or make supplementary advances to borrowers for special livestock loans. p. 10780
14. TOBACCO. Passed without amendment H. R. 11058, to reduce the acreage allotments of tobacco farmers who harvest more than one crop of tobacco in a year from the same acreage. This bill will now be sent to the President. p. 10780
15. NATURAL RESOURCES. Passed as reported S. 2517, to authorize the States to choose mineral lands in making selections in lieu of sections of public lands occupied before State claims were made. pp. 10781-3
16. SURPLUS FOODS. Passed without amendment H. R. 12164, to permit the donation of surplus foods to nonprofit summer camps for children without regard to the number of needy children actually enrolled. This bill will now be sent to the President. p. 10780
17. INSPECTION SERVICES. Passed without amendment S. 3873, to authorize the interchange of inspection services between executive agencies without reimbursement or transfer of funds. p. 10769
18. PROPERTY. Passed as reported S. 3142, to authorize the lease of Federal building sites until needed for actual construction. p. 10769
19. TRANSPORTATION. Passed as reported S. Res 303, to provide for a study of transportation policies in the United States by the Interstate and Foreign Commerce Committee, including the exemption provisions in the laws regulating transportation. p. 10773
20. MONOPOLIES. The Judiciary Committee ordered reported with amendment S. 11, to amend the Robinson-Patman Act to make price discrimination prima facie proof of violation of the law. p. D578
21. STATEHOOD. Began debate on H. R. 7999, to admit Alaska as a State. pp. 10766, 10786, 10803, 10804, 10804-10.
22. INFORMATION. At the request of Sen. Talmadge, passed over S. 921, to restrict the right of Federal officers to withhold information or records. p. 10765.
23. WATERSHEDS. At the request of Sen. Hruska, passed over H. R. 5497, to authorize Federal assistance for certain fish and wildlife development projects under the Watershed Protection and Flood Prevention Act. p. 10765
24. ONION FUTURES. At the request of Sen. Hruska, passed over H. R. 376, to prohibit trading in onion futures on commodity exchanges. p. 10765

25. FARMER COMMITTEES. At the request of Sen. Talmadge, passed over S. 1436, to amend various provisions of law regarding ASC committees, to provide for the administration of the farm program by farmer elected committees, etc. p. 1076
26. BUILDINGS. At the request of Sen. Hruska, passed over S. 3560, to authorize construction of a \$20 million Federal building in Memphis, Tenn. p. 10766
27. TEXTILES. At the request of Sen. Talmadge, passed over H. R. 469, to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products. pp. 10766-7
28. MINERALS. At the request of Sen. Mansfield, passed over S. 3817, to encourage exploration for minerals with Federal aid. p. 10769
29. TRANSPORTATION. At the request of Sens. Talmadge and Hruska, passed over S. 3916, to extend for two years provisions of the Shipping Act of 1916 to allow continuation of existing dual-rate contract agreements. p. 10774
30. SMALL BUSINESS. At the request of Sen. Clark, passed over H. R. 7963, to extend the Small Business Act of 1953, and increase the SBA loan authority. p. 10775
31. REORGANIZATION. At the request of Sen. Talmadge, passed over S. Res. 297, to disapprove Reorganization Plan No. 1 of 1958, to merge the Office of Defense Mobilization and the Federal Civil Defense Administration. p. 10776
Sen. Potter commended the adverse report of the Government Operations Committee on S. Res. 297, and the evaluation of the proposed merger. p. 10802
32. HUMANE SLAUGHTER. At the request of Sen. Talmadge, passed over H. R. 8308, to require the use of humane methods in the slaughter of livestock and poultry. p. 10780
33. FOREIGN TRADE. Sen. Thurmond submitted amendments to H. R. 12591, the trade agreements extension bill, proposing to limit the extension to 2 years and to require Congressional assent to Presidential action reversing findings of the Tariff Commission. p. 10804
34. EXTENSION. Sen. Johnston inserted an editorial on the death of Dr. F. Franklin Poole, President of Clemson College, S. C. pp. 10783-4
35. RECLAMATION. Received from the Interior Department a report that the Bountiful, Utah, Water Subconservancy District, had applied for a loan of \$3,510,000, under the Small Reclamation Projects Act. p. 10747

ITEMS IN APPENDIX

36. FOREIGN AID. Rep. Green inserted an article, "Over \$63 Million in Foreign Aid Shared by Eight Oregon Communities." pp. A5696-7
37. COTTON. Extension of remarks of Sen. Sparkman urging aid for cotton farmers and inserting an article, "Cotton's Decline, Long Foreseen, Still Pains Many Dixie Farmers--Some Quit, Wind Up On City Relief Rolls; Others Find Pinch Profits Harder." pp. A5697-8
38. DAIRY INDUSTRY. Extension of remarks of Sen. Proxmire inserting 2 Grange organization resolutions in support of his bill, S. 2952. p. A5698

STATEHOOD FOR ALASKA

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid aside temporarily, and that the Senate proceed to the consideration of Calendar No. 1674, H. R. 7999, to provide for the admission of the State of Alaska into the Union.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 7999) to provide for the admission of the State of Alaska into the Union.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana [Mr. MANSFIELD].

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 7999) to provide for the admission of the State of Alaska into the Union.

ACQUISITION AND CONSTRUCTION OF PROPERTY IN THE DISTRICT OF COLUMBIA FOR THE UNITED STATES SENATE

Mr. CHAVEZ. Mr. President, I should like to have the attention of the acting majority leader, the Senator from Montana [Mr. MANSFIELD], with reference to Calendar No. 192, S. 495. It was intended that the Senate take up the bill earlier in the day.

Mr. MANSFIELD. The Senator is correct.

Mr. CHAVEZ. However, the Senator from Connecticut was not present. I understand the Senator from Connecticut either has returned or has sent notice he has no objection to having the bill considered.

Mr. MANSFIELD. That is my understanding.

Mr. CHAVEZ. I wonder if the Senator from Montana would allow us to have the bill passed this evening.

Mr. MANSFIELD. Yes, indeed. I understand there is no opposition to the bill. I hope the Senator will seek recognition from the Chair, present the bill, and have it passed in the shortest possible time.

Mr. CHAVEZ. I should like to have the bill passed, if it meets with approval.

Mr. MANSFIELD. It meets with the approval of the leadership on both sides of the aisle.

Mr. CHAVEZ. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 192, S. 495, to authorize the acquisition of the remaining property in square 725 in the District of Columbia and the construction thereon of additional facilities for the United States Senate.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 495) to authorize the acquisition of the remaining property in square 725 in the District of Columbia and the construction thereon of additional facilities for the United States Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Mexico?

There being no objection, the Senate proceeded to consider the bill (S. 495) to authorize the acquisition of the remaining property in square 725 in the District of Columbia and the construction thereon of additional facilities for the United States Senate, which had been reported from the Committee on Public Works, with an amendment to strike out all after the enacting clause and insert:

That in addition to the real property contained in square 725 in the District of Columbia heretofore acquired as a site for an additional office building for the United States Senate under the provisions of the Second Deficiency Appropriation Act, 1948, approved June 25, 1948 (62 Stat. 1028), the Architect of the Capitol, under the direction of the Senate Office Building Commission, is hereby authorized to acquire, on behalf of the United States, by purchase, condemnation, transfer, or otherwise, for purposes of extension of such site or for additions to the United States Capitol Grounds, all other publicly or privately owned real property (including alleys or parts of alleys and streets) contained in said square 725 in the District of Columbia: *Provided*, That upon the acquisition of such real property by the Architect of the Capitol on behalf of the United States, such property shall be subject to the provisions of the act of July 31, 1946 (60 Stat. 718), in the same manner and to the same extent as the present Senate Office Building and the grounds and sidewalks surrounding the same.

SEC. 2. For the purposes of this act and of such act of June 25, 1948, square 725 shall be deemed to extend to the outer face of the curbs surrounding such square.

SEC. 3. Any proceeding for condemnation brought under this act shall be conducted in accordance with the act entitled "an act to provide for the acquisition of land in the District of Columbia, for the use of the United States," approved March 1, 1929 (16 D. C. Code, secs. 619-644).

SEC. 4. Notwithstanding any other provision of law, any real property owned by the United States and contained in square 725 shall, upon request of the Architect of the Capitol, made with the approval of the Senate Office Building Commission, be transferred to the jurisdiction and control of the Architect of the Capitol, and any alley, or part thereof, contained in such square, shall be closed and vacated by the Commissioners of the District of Columbia in accordance with any request therefor made by the Architect of the Capitol with the approval of such Commission.

SEC. 5. Upon acquisition of any real property pursuant to this act, the Architect of the Capitol, when directed by the Senate Office Building Commission to so act, is authorized to provide for the demolition and/or removal of any buildings or other structures on, or constituting a part of, such property and, pending demolition, to lease any or all of such property for such periods and under such terms and conditions as he may deem most advantageous to the United States and to provide for the maintenance and protection of such property.

SEC. 6. The jurisdiction of the Capitol Police shall extend over any real property acquired under this act. Upon completion of the acquisition of all properties in square 725, herein authorized to be acquired, the following streets shall become a part of the United States Capitol Grounds and as such shall be subject to the provisions of Public Law 570, 79th Congress, as amended: First Street NE., between Constitution Avenue and C Street; C Street NE., between First and

Second Streets. Such streets shall continue under the jurisdiction and control of the Commissioners of the District of Columbia and said Commissioners shall continue to be responsible for the maintenance and improvement thereof, except that the Capitol Police Board shall have exclusive charge and control over the parking and impounding of vehicles on such streets and the Capitol Police shall be responsible for the enforcement of such parking regulations as may be promulgated by the Capitol Police Board.

SEC. 7. The Architect of the Capitol, under the direction of the Senate Office Building Commission, is authorized to enter into contracts and to make such other expenditures, including expenditures for personal and other services, as may be necessary to carry out the purposes of this act.

SEC. 8. The appropriation of such sums as may be necessary to carry out the provisions of this act is hereby authorized.

Mr. CHAVEZ. Mr. President, on both sides of the aisle we have come to an understanding as to the form in which the bill should be passed and what portion of the area should not be included. There is an amendment shown at the top of page 6 which will take care of the understanding in that regard. This bill provides for the purchase of the property directly east of the Senate Office Building, the construction of which is about completed.

Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 6, line 1, in the committee amendment, after the word "Columbia", it is proposed to insert the words and numerals ", except lots 863, 864, 885, 892, 893, 894, and 905."

Mr. CHAVEZ. Mr. President, that will take the property which is intended to be conveyed to the Government at this time, but will exclude property in Schott's Alley and other property.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico to the committee amendment.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. CHAVEZ. Mr. President, I hold in my hand a memorandum addressed to the chairman of the Committee on Appropriations, the distinguished Senator from Arizona, with reference to the pending bill, and I ask that it be printed in the RECORD at this point as a part of my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM FOR SENATOR HAYDEN (S. 495, CALENDAR NO. 192)

I am informed that the objection to the enactment of S. 495 would be eliminated if the bill is amended so as to exclude the real property occupied by the National Woman's Party at the corner of Second and Constitution Avenue and that known as Schott's Court.

I propose to amend the bill so the headquarters of the Woman's Party, all the Schott's Court area, and the Capitol Hill Apartment Building at 127 C Street NE., will be excluded.

It is estimated that all of the privately owned properties in the east half of square 725, except that of the Womans Party, Schott's Court, and the apartment building, can be acquired for approximately \$625,000. Such estimates were arrived at on the basis of recent experience gained in the congressional acquisition of properties in several squares on the House side of the Capitol Grounds.

The new Senate Office Building occupies the west half of the square. The east half of the square, except for the Belmont House of the Womans Party, is seriously needed to form an adequate site for the building as well as to gradually complete acquisition for the extension of the Capitol Grounds as has been planned.

A house-to-house survey was made after several owners registered phrasing complaints with the Architect and various Members of the Senate. Most of the houses are owner occupied and they all feel that Congress placed an undue burden upon them sometime ago and that they cannot be relieved of it, as long as there is a congressional attitude to take their property, until the time when the property is taken. In short, most of the buildings are in serious need of extensive repairs if they are to be occupied, but the owners hesitate or cannot afford to spend large amounts doing so when such costs probably would not be recovered in condemnation by or sale to the Government. The property owners feel the Government should be fair and take their property now.

If the Government does not take the properties now the values will increase greatly, and particularly so because serious attempts are being made to assemble individual lots into large areas for the purpose of erecting costly private structures. However, as the present Capitol Hill Apartment Building, a substantial structure, is already in existence it is deemed advisable not to incur the expense of acquiring it at this time. For similar reasons the acquisition of the Schott's Court should be postponed until a later date.

The total area of the east half of Square 725, including alleys, is 130,159 square feet. The total area, excluding alleys, is 117,159 square feet. Of the latter total, it is proposed to acquire 70,500 square feet of privately owned land, with existing improvements, at the estimated cost of \$625,000.

In addition to the need for the land for the Capitol Grounds and possibly future buildings, it can immediately be used to provide temporary parking accommodations for approximately 300 automobiles.

THE PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read a third time, and passed.

The title was amended, so as to read: "A bill to authorize the acquisition of the remaining property in square 725 in the District of Columbia for the purpose of extension of the site of the additional office building for the United States Senate or for the purpose of addition to the United States Capitol Grounds."

EXTENSION OF TRADE AGREEMENTS ACT

Mr. THURMOND. Mr. President, I wish to give a brief explanation of certain amendments to H. R. 12591, the trade agreements extension bill of 1953, which I sent to the desk for appropriate reference earlier in the day.

These amendments have two major purposes. The first is to limit the ex-

tension of the Trade Agreements Act of 1934, as amended, from 5 years, as proposed by the President and the House of Representatives, to a period of 2 years. The second purpose is to partially restore to the Congress its proper powers to regulate foreign commerce.

My amendments would require that the President obtain the support of a majority of both Houses of Congress before he could be sustained in his refusal to implement a Tariff Commission escape-clause finding. The President would be given 90 days within which to gain approval through passage of a concurrent resolution of the two Houses of Congress. These resolutions would be regarded as privileged matter in order to insure that the Congress would act within the 90-day period.

If the President submits his report to the Congress when the Congress is not in session, or less than 90 days before the adjournment of the Congress sine die, and no action is taken by the Congress prior to adjournment, then the adjustments in the rate or rates, quotas, or other modifications specified in the recommendations of the Commission would go into effect provisionally until 90 days after the Congress reconvenes. If the Congress does not then sustain the President during the first 90 days of the session, the Commission's recommendations would become finally effective at the end of the 90-day period.

Mr. President, I request that the text of these amendments be printed in the RECORD at this point in my remarks.

THE PRESIDING OFFICER. The amendments will lie on the table and be printed; and, without objection, the will be printed in the RECORD.

The amendments submitted by Mr. THURMOND intended to be proposed by himself to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, are as follows:

On page 1, line 9, strike out "1963" and insert in lieu thereof "1960."

On page 9, beginning with line 11, strike out through line 16, on page 10, and insert in lieu thereof the following:

"SEC. 6. Subsection (c) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (c)), is amended to read as follows:

"(c) (1) Within 30 days after receipt of the Tariff Commission's recommendations, the President shall proclaim such adjustments in the rate or rates of duty, impose such quotas, or make such other modifications as are recommended by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, unless, prior to the expiration of such 30 days, the President shall have submitted a report to the Congress recommending that no such adjustments or modifications be made, or no such quotas be imposed, or recommending a rate of duty as an alternate to that recommended by the Tariff Commission, or recommending a quota as an alternate to a quota recommended by the Tariff Commission, or recommending a rate of duty as an alternate to a rate of duty recommended by the Tariff Commission, as a means of preventing or remedying serious injury to the respective domestic industry

be adopted. If either the Senate or the House of Representatives, or both, are not in session at the time of such submission, such report shall be filed with the Secretary of the Senate or the Clerk of the House of Representatives, or both, as the case may be.

"(2) If the President submits his report to the Congress while the Congress is in session and more than 90 days before the date on which the Congress adjourns sine die, he shall, within 90 days after the submission of such report, proclaim such adjustments, quotas, or other modifications as have been recommended by the Commission, unless, prior to the expiration of such 90 days, both Houses of Congress shall have adopted a concurrent resolution stating in effect that the Senate and House of Representatives approve the recommendations made by the President, in which event the President shall proclaim the recommendations so approved. If the President submits his report—

"(A) when the Congress is not in session, or

"(B) less than 90 days before the adjournment of the Congress sine die and the Congress before such adjournment has not acted on a concurrent resolution approving the recommendations made by the President, the adjustments in the rate or rates, quotas, or other modifications specified in the recommendations of the Commission shall become finally effective 90 days after the date on which the next session of the Congress begins, unless during such 90-day period the Congress, by concurrent resolution, shall have approved the President's recommendations."

On page 11, strike out lines 8 to 24, inclusive, and insert in lieu thereof the following:

"(b) As used in this section the term 'resolution' means only a concurrent resolution of the two Houses of Congress, the matter after the resolving clause of which is as follows: 'That the Senate and House of Representatives approve the action recommended by the President in his report (dated — 19—) pursuant to paragraph (1) of section 7 (c) of the Trade Agreements Extension Act of 1951, as amended, disapproving in whole or in part the action found and reported by the United States Tariff Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, in its report to the President dated — 19— on its escape clause investigation No. — under the provisions of section 7 of such act.'"

STATEHOOD FOR ALASKA

The Senate resumed the consideration of the bill (H. R. 7999) to provide for the admission of the State of Alaska into the Union.

Mr. MURRAY. Mr. President, in our great Union of States, the admission of a new State always is a momentous and historic event.

On 30 separate occasions the Congress of the United States, pursuant to the powers granted to it in the Constitution, has acted favorably on bills similar in intent and purpose to the measure now before us for the admission of Alaska. As a result, 35 States have been admitted to the Union on the free and equal basis established by the Founding Fathers.

Our history and our present greatness show that our predecessors in Congress acted wisely. They did not make a mistake in any one of those 30 instances. Statehood never has failed. The admission of each of the 35 States, no matter

July 2, 1958

12. TRANSPORTATION. Passed as reported S. 3916, to extend for two years provisions of the Shipping Act of 1916 to permit continued use of dual rate shipping conferences with lower transportation rates for those shippers shipping all cargo on vessels of conference members. pp. 11712-13
13. MINERALS. The Interior and Insular Affairs Committee ordered reported with amendments S. 4036, to provide stabilization payments to mineral producers. p. D628
14. FORESTRY. Sen. Neuberger inserted a telegram from the Klamath Falls mayor and County Judge urging amendatory legislation to delay the Klamath Indian termination program to allow for sale of the forest for harvest on a sustained yeild basis. p. 11690
15. FOREIGN TRADE. Sen. Johnston urged the defeat of the trade agreements bill. pp. 11716-17
Sen. Clark submitted an amendment to H. R. ¹²⁵⁹¹12951, the Trade Agreements Act extension bill, to make the act permanent, and inserted the testimony of the Secretary of State before the Senate Finance Committee in support of the trade agreements program. pp. 11729-31
16. PERSONNEL ETHICS. Sens. Morse and Clark discussed the acceptance of gifts by Federal officers and employees and inserted various articles and editorials on the subject. pp. 11723-5
17. STATEHOOD. Received a petition from the Mayor and Board of Supervisors, Honolulu City and County, Hawaii, urging statehood for Hawaii. p. 11682

ITEMS IN APPENDIX

18. SMALL BUSINESS. Extension of remarks of Sen. Yarborough inserting his statement expressing gratification over Senate action on the bill to make Small Business Admin. a permanent agency of the Government. pp. A5990-1
19. WEATHER. Sen. Yarborough inserted his statement favoring the passage of S. 86, providing for an experimental research program on weather. p. A5998
20. STATEHOOD. Sen. Sparkman inserted several editorials endorsing the vote for Alaska statehood. pp. A6002-3
Rep. Fulton extended his welcome to the people of Alaska and inserted an editorial, "A Star Is Born." pp. A6028-9
21. SURPLUS PROPERTY. Rep. Keating inserted a resolution favoring H. R. 9522, which would authorize the disposal of surplus property to certain welfare and recreation agencies which are not eligible under the present law. p. A6005
22. FOREIGN AID. Rep. Harrison inserted an editorial, "No Wonder Foreign Aid Was Cut." p. A6012
Rep. Feighan inserted an editorial, "Once Again--the Waste," analyzing a report of the House Government Operations Committee with regard to the administration of the foreign aid program. p. A6028
23. ELECTRIFICATION. Extension of remarks of Rep. Green stating that the "strong opposition of the administration" to the proposed development of the Hells Canyon site is now a matter of record and inserting an editorial, "Ike Inconsistent on Electric Power Issue." p. A6019

BILLS INTRODUCED

24. CROP INSURANCE. H. R. 13262, by Rep. Abernethy, to amend the Federal Crop Insurance Act; to Agriculture Committee.
25. BUILDINGS. H. R. 13263, by Rep. Cramer, to amend the act of May 25, 1926, as amended, to require certain distribution and approval of new public building projects; to Public Works Committee. Remarks of author. p. 11794
26. CCC; GRAIN. H. R. 13268, by Rep. Jennings, authorizing the Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes; to Agriculture Committee.
27. MINERALS. H. R. 13270, by Rep. Miller, Neb., providing for payments as incentives for the production of certain minerals; to Interior and Insular Affairs Committee.
28. WILDLIFE. H. R. 13279, by Rep. Saylor, to promote the conservation of migratory fish and game by requiring certain approval by the Secretary of the Interior of licenses issued under the Federal Power Act; to Interstate and Foreign Commerce Committee.
29. BUDGET. H. R. 13281, by Rep. Hardy, to amend the Budget and Accounting Act, 1921, so as to provide a penalty for the refusal of an official or employee of any department and agency to furnish information to the Comptroller General of the United States; to Government Operations Committee.

20-

COMMITTEE HEARINGS ANNOUNCEMENTS:

July 3: Extension of trade agreements authority, S. Finance
Minerals stabilization payments, H. Interior.

o0o

wounded, injured, and disabled veterans by their life membership in the DAV.

Americans who help the DAV to procure adequate security for America's handicapped veterans and their dependents thereby help assure future security for America and for all other Americans.

Mr. President—

The PRESIDING OFFICER. The Senator from South Carolina.

WASTE IN MILITARY EXPENDITURES

Mr. JOHNSTON of South Carolina. Mr. President, I believe our country needs a new battle cry: "Billions for defense but not one cent for waste." Unless we are careful, we are going to plunge ourselves into national bankruptcy, and leading the parade to fiscal ruin are the military.

It is most jolting, indeed, to find that we have finished the fiscal year 1958 with a deficit of upward of \$4 billion, and almost at the same moment to be told by Secretary of Defense McElroy that our missiles program is involving great waste. On Monday of this week, Secretary McElroy told the members of the Senate Armed Services Committee that the United States has produced too many missiles of some kinds and duplicated in a way that was wasteful of the taxpayers' money.

Secretary McElroy, at least, is to be credited for frankness, but his candor can hardly be allowed to cover up the deficiencies of the Defense Department's planning and operations. Seemingly, those in the Pentagon proceed on the assumption that the United States Treasury as a bottomless pit, that public funds are somehow conjured out of thin air, that a few billion dollars, more or less, do not make any difference.

How long is it going to take for the military to understand that each and every dollar of public funds must be raised from the taxpayers, from the working people and businesses of America; that every dollar spent for defense means that much less money for the normal development of business and investment, for the creation of payrolls and jobs? Is there no way we can drive home the lesson to the men in military uniforms that an equally important component of national defense is the economic strength of the Nation and the soundness of our dollar.

Surely in all their studies and special courses of study, which seem to last for years, they must have learned along the way that one of the prime objectives of the Kremlin is to conquer America by imposing such burdens on us that we will ruin our economy through excessive military spending.

Only a few days ago Columnist Drew Pearson pointed out that one of the main factors in the decline of the prestige and power of the West in relation to the deteriorating situation in the Middle East is that the world at large, and particularly the free world, has lost confidence in American military power. Only time will tell the incalculable harm done America and our allies and the cause of freedom by the psychological

injury occasioned in the space race we are losing to the Soviets.

What is Secretary McElroy doing about this fiasco? I saw a brief report the other day that the Defense Department was going to "reevaluate the Vanguard program." Well, how long reevaluation? And what about the management of that whole program and the money that has literally gone up in smoke in the 5 failures out of 6 tries? The people are watching anxiously to see what decisions result from the announced "reevaluation."

Mr. President, the local newspapers here in the Nation's Capital have been stirred up the past several days, and rightly so, over the bungling which has attended the powder factory in nearby Maryland. Pleading economy, the military pursued a course of action that resulted in the loss of more than 2,000 jobs at this nearby installation.

It looked at first as if the brass had gone economy-minded in a big way. Then, of course, it came to light that the whole business was a fancy maneuver that had nothing to do with economy. It really was a "fast one" which, instead of realizing any savings, actually necessitated the spending of additional millions of dollars for new facilities on the west coast duplicating those being abandoned here. The remarkable part of it all is that the schemers were able to get as far as they did, and were successful even in deceiving such able, experienced, and dedicated men as those who look after such matters in the House.

For long months I have stood on this floor and labored this issue of the waste, extravagance, and loose management in our military affairs. I regret to say that for all practicable purposes it has been of little or no avail, so far as bringing about needed and desired results is concerned. I am encouraged, however, that the sunshine of truth and conscience is getting into the dark places in the vast, intricate and complex realm of the military.

It is encouraging to find Secretary McElroy, now making public admission of the situations to which I have been directing attention. Perhaps if we can get enough of this out into the open we can do something about it. We had better do so, or we will be flirting with the dangerous possibility that we will spend ourselves into ruin.

Secretary McElroy himself gave it as his opinion in the recent conference of the Nation's military leaders at Quantico that in the next decade our military budget may go to \$70 billion or possibly \$80 billion a year.

This prediction is something to have in mind as we go about the business of building our national defenses. We are aware that we are facing a continuing fight for survival—survival as a free people sustained by a free economy. We must be alert lest we lose what we most prize as we make ready adequate defenses. As I said in the beginning, our watchword should be "billions for defense but not one cent for waste."

Mr. President, I ask unanimous consent to have printed in the RECORD at this point an article from the Washington

Evening Star entitled "McElroy Sees Waste in Missiles Program."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

McELROY SEES WASTE IN MISSILES PROGRAM

Secretary of Defense McElroy told Senators today that this country has produced too many missiles of some kinds and duplicated in a way that was wasteful of the taxpayers' money.

The Pentagon civilian boss offered this testimony to the Senate Armed Services Committee as he appeared to ask greater authority to reorganize and streamline the multi-billion-dollar defense programs.

RUSSELL DENIES FEUD

As Mr. McElroy made his second public appearance before the Senate group, Chairman RUSSELL, Democrat of Georgia, denied that they had been engaged in a feud about testimony by top Pentagon military leaders.

After the Secretary publicly criticized Senate testimony on the reorganization plan by Adm. Arleigh A. Burke, Chief of Naval Operations, Senator RUSSELL announced he would not call additional members of the Joint Chiefs of Staff until he had assurances from Mr. McElroy they could testify freely and frankly without reprisal.

After considerable negotiation, Mr. McElroy sent Senator RUSSELL a letter which apparently satisfied the Senate leader.

Senator RUSSELL told Mr. McElroy and a crowded committee session today he had been disturbed by references to this exchange as a feud.

Since the start of this Government, Senator RUSSELL said, there have been differences as to the respective authority of Congress and the Executive. He said he had acted "to protect which I regarded as the legislative functions of the Government."

QUESTIONS AUTHORITY

He raised questions about authority in the bill, already passed by the House, which would give the Secretary the right to transfer, reassign, or abolish military functions set up by Congress.

The Senate chairman asked if this did not amount to second veto?

His point was that a President could veto an act of Congress and then, if Congress overrode the veto, a Secretary could still block Congress' will.

Mr. McElroy said this is not the intent. He said there is a need for flexibility over the future because no one knows now what it may bring, other than change.

He said Congress would be notified in advance of any changes and these would not be made precipitately.

Mr. JOHNSTON of South Carolina. We must bear in mind, in dealing with the military, that we have a military man as President of the United States, and it almost a crime in the Senate or in the House of Representatives to vote against any appropriation for the military. I think it is time we began to look into the waste in some of our military installations. I think it is also time for us to be strong enough to cut appropriations, if necessary, where they should be cut.

Yes, it is nice to say "Be prepared." We all want to be prepared. I do not think anybody else has ever gone this far, but I want to warn the Nation at this time that it is possible for the United States to be classified by other nations of the world as Germany was classified for many, many years before Germany was almost wiped from the face of the earth. What was Germany

classified as? Germany was classified as a militaristic nation. I do not want America to ever be classified in that way. I want our Nation to be prepared, but I do not want anybody to think that the military is running the United States.

ROY HENDRICKS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1557, H. R. 7718.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 7718) for the relief of Roy Hendricks, of Mountain View, Alaska.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill (H. R. 7718) for the relief of Roy Hendricks of Mountain View, Alaska.

Mr. MANSFIELD. Mr. President, the purpose of the proposed legislation is to pay Roy Hendricks, of Mountain View, Alaska, the sum of \$661.70 as reimbursement for towing services, repairs, and storage of 2 trucks seized in June 1952 under court process by the United States marshal's office, Anchorage, Alaska.

Mr. President, I ask unanimous consent that a statement regarding the bill be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

In June 1952, judgment was recovered by private litigants in a civil action in the United States district court at Anchorage, Alaska, and a writ of execution was levied against two trucks, the property of the judgment debtor. The United States marshal requested the claimant in the proposed legislation to tow the trucks to his garage and store them there until such time as they could be sold in satisfaction of the judgment. Subsequently, the United States marshal's office requested the claimant to put the vehicles in condition for winter and in running condition in preparation for the sale. The work which the claimant did at the request of the United States marshal's office resulted in the creation of a mechanic's lien against the vehicles in the sum of \$705. The vehicles were ultimately sold at public auction for \$150. Of the \$150 realized from the public auction the amount of \$133.30 was paid to the claimant, leaving a balance of \$661.70, the amount specified in the proposed legislation, as due on the lien. The claimant presented the claim for \$661.70 to the General Accounting Office which disallowed it on the grounds that even though the claimant may have released the vehicles for sale upon the assurance from the Assistant United States Attorney that he would do everything possible to see that the expenses incurred at the request of the United States marshal would be paid, such indebtedness was incurred as the result of private litigation and the Assistant United States Attorney's promise to assist in the collection of the debt was in no way binding upon the United States.

Mr. E. L. BARTLETT, Delegate from Alaska, urges the favorable consideration of the proposed legislation on the grounds that the claimant acted in good faith, that he performed the service at the request of the

United States marshal, that he had performed previous services for the United States marshal's office and for such previous services performed at the direction of the marshal or at the direction of one of his deputies he had always been paid, and that on this occasion he also anticipated businesslike dealings with the officials of the United States concerned.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H. R. 7718) was ordered to a third reading, read the third time, and passed.

MARY K. RYAN

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1636, S. 489.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 489) for the relief of Mary K. Ryan.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill (S. 489) for the relief of Mary K. Ryan, which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

That, notwithstanding any statute of limitations or lapse of time, claims for credit or refund, exclusive of interest, of overpayments of income taxes for the taxable years 1949 and 1950 based on excludable cost of living allowance may be filed by Mary K. Ryan, and her former husband, William A. Boutwell, both of Albuquerque, N. Mex., at any time within 1 year after the date of the enactment of this act. The provisions of section 322 (b), 3774, and 3775 of the Internal Revenue Code of 1939 shall not apply to the refund or credit of any overpayment of tax for which a claim for credit or refund is filed under the authority of this act within such 1-year period.

Mr. MANSFIELD. Mr. President, this bill would simply waive the statute of limitations so as to permit the claimants to file a claim for refund of personal income tax erroneously paid by them in 1949 and 1950 by way of a joint return filed by them prior to their divorce.

Mr. President, I ask unanimous consent to have a statement in regard to the bill printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

At the time the returns were filed the claimants were working in Alaska and by virtue of an executive order of the President, followed by a regulation issued by the Treasury Department, both issued by authority of the 1939 Internal Revenue Code as amended by the Revenue Act of 1943, they were entitled to exclude from their taxable income amounts paid to them as "cost of living allowances." They did not learn of this executive order and regulation until they returned to the United States and although they then filed claim for refund, the 2 years in question were rejected because the 2 year statute of limitations for filing had expired. The Internal Revenue Service

did give a refund on the 1951 return, as the statute had not run for that year.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Mary K. Ryan and William A. Boutwell."

PROPOSED AMENDMENT OF THE RECIPROCAL TRADE AGREEMENTS ACT

Mr. JOHNSTON of South Carolina. Mr. President, I can well remember when those opposing the so-called Reciprocal Trade Agreements Act were as scarce in the United States Senate as the proverbial hens' teeth. Looking back over the past few years I feel even more justified in my position of opposing renewal of this legislation, and I am happy to see more and more Senators giving this program closer scrutiny. As each day goes by we can see that the original intent of this program as conceived by former Secretary of State Cordell Hull back in 1934 is being lost in a shower of internationalistic suicidal propaganda.

There is no longer anything reciprocal about the program. Once thought of as a program to stimulate sale of American-made goods abroad in a friendly market, the reciprocal trade program has become a monster that is destroying American business, American jobs, American markets and American influence abroad. Coupled with the foreign-aid programs, this lopsided trade program is doing more harm to America than anything short of military destruction.

Not only have we sent our dollars abroad to help put our friends back on their feet but after that we have supported their budgetary requirements with our tax dollars, subsidized foreign industries, and given trade concessions which today mock our claim to national sanity.

Products of foreign industries, sustained by American dollars, produced abroad at virtual slave-wage levels, in many instances, are replacing American-made goods in our domestic markets. Thus is created much unemployment, the fruit of our own mistaken generosity and ill-advised trade policy. Thousands upon thousands of Americans today are drawing unemployment benefits, running into millions of dollars, as a result of their jobs being abolished because of this foreign competition which is being subsidized with American tax dollars.

Mr. President, while this trade legislation is before the Senate Finance Committee, and before it is reported to the Senate, I want to make a few observations.

In 1934, in order to increase trade, the Congress enacted the Trade Agreements Act which authorized the President to lower or increase duties as much as 50 percent. In the period 1934-47, a number of bilateral trade agreements were made. In 1947, the General Agree-

ments on Tariffs and Trade came into being and with it the Multilateral Trade Agreement came into being. With the advent of the Multilateral Trade Agreement, the most favored nation clause became international in scope, and concessions to one country became, excepting Communist countries, concessions to the world.

Since 1937, the United States has slashed its tariffs 78 percent. We now rank seventh from the bottom of the tariff scale. Our duty deductions were made under the guise of reciprocity, the United States sacrificing its duties in exchange for concessions from the foreign countries. Yet after 24 years of operation, we find the barriers of foreign nations to United States products greater than prior to the initiation of the tariff slashing program. In addition to duties, the following are some of the restrictions imposed on United States exports by foreign countries: 17 have import quotas, 33 require foreign-exchange licenses, and 62 require import licenses.

In 1951, Congress enacted a provision called the escape clause, which provided that the Tariff Commission make an investigation to determine if a tariff reduction has injured or threatens injury to an American industry. The Tariff Commission recommendation is then sent to the President who may accept, modify, or reject any action the Tariff Commission has found needed to prevent or remedy the injury to our American industry.

Congress, by this provision, intended to prevent any American industry or its workers from damage from imports. But the escape clause has not been administered as Congress intended. In 87 cases, the Tariff Commission has reported injury from imports in 30 cases; of these, the President has refused approval in 20 cases. In 10 cases, the recommendation of the Tariff Commission was approved or modified. Thus, the chance of success in an escape clause action is only 1 out of 3 even when the industry has established injury.

The problem of the American industries arises from the industrialization which has taken place in foreign countries since the war. This is a direct result of our foreign aid in European countries and military government programs, primarily in Japan. The low-wage foreign countries have been industrialized, but their wages have not kept pace with the mechanization. The average hourly wage in 1956-57 in the United States was \$2.08; this compares with average wage scales in West Germany of 55 cents; in Italy of 43 cents and in Japan of 22 cents.

Imports of a great number of products have increased tremendously in the past few years. Pottery, textiles, steel flatware, clothespins, plywood, and many other products are coming in from Japan in steadily increasing quantities. Plywood exports from Japan to the United States have increased 6,800 percent since 1951. Plywood imports took 52 percent of the United States market in 1957. Japan alone took 42 percent. The domestic hardwood plywood industry is sorely pressed to stay alive in face of the competition of the plywood from Japan. Employment has been reduced

from 25 to 30 percent; take-home pay is down drastically and a full 40-hour week has been the exception rather than the rule.

In the June issue of the Carpenter, Earl Hartley, president, Western Council Lumber and Sawmill Workers, says:

As closely as I have been able to figure, some 3,500 of our members are today displaced by imports of Japanese plywood and veneer. There is a good possibility that if the American market remains open and unrestricted that other wood items such as lumber, doors, sash, and so forth, will eventually feel the effects of ever-growing competition from low-wage Japanese products.

Bear in mind, this is in the three west coast States alone, Oregon, Washington, and California. This represents the loss of the smaller of the two labor organizations in the plants of those States.

According to recent figures that have been used before by the distinguished Senator from Maine [Mr. PAYNE], there are 345,000 textile workers unemployed due to imports.

The matter of forcing American workers to compete with wages of 15 or 20 cents an hour in Japan and some other countries should be of vital concern to all of our leaders in labor, industry, and in Government.

The competition from Japan is no longer from a "cottage industry" but from modern plants furnished with the finest machinery that money can buy, plus a low wage, long hours and no overtime. This is a combination the American worker cannot lick.

The President in 1955, assured American industry and labor that no industry would be put in jeopardy by the trade-agreements program. Positive evidence has been submitted to Congress and the President that injury from imports exists in many industries. Yet, in 20 cases, the President has refused to accept the findings of the Tariff Commission that an American industry was injured and a remedy was required.

I am gravely concerned over the welfare of our Nation's economy. We are headed down a road of unlimited spending, extravagance, waste and self-destruction. We must begin to tighten our economic belts and bring ourselves to realize that our primary task at this time is to return to a goal of self-preservation.

A good place to start is to kill this lopsided trade program.

JOHN J. SPRIGGS

Mr. O'MAHONEY. Mr. President, I have consulted with both the majority leader and the minority leader, and they have agreed to the request I am about to make, namely, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1624, Senate bill 2629.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2629) for the relief of John J. Spriggs.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wyoming?

There being no objection, the Senate proceeded to consider the bill.

Mr. O'MAHONEY. Mr. President, this bill was unanimously reported by the Judiciary Committee. It is a bill for the relief of John J. Spriggs, but only to the extent that it gives him the authority to pursue in the Federal court a claim which was disallowed in his first attempt on the ground that it was a claim against the United States and there was no jurisdiction in the court.

There is no objection to the bill. I hope it will be passed.

Mr. President, I ask unanimous consent that a statement explaining the bill be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

JOHN J. SPRIGGS

This proposed legislation would waive the statute of limitations so as to confer jurisdiction on the United States District Court for the District of Wyoming to hear, determine, and adjudicate any claim of John P. Spriggs, of Lander, Wyo., against the United States relating to certain lands in the Wind River Indian Reservation.

The Department of the Interior expresses opposition to the legislation, and the Department of Justice opposes the legislation except as it applies to one allotment of land covered by the legislation.

Briefly, it would appear that the facts were developed in a suit brought by the claimant in the United States District Court for the District of Columbia against the Secretary of the Interior and others. The basis for the suit was an agreement with one Mary Candler, who was the widow of a William O'Neal, a member of the Shoshone Tribe of Indians. The claimant, Mr. Spriggs, was attorney for Mary Candler on the death of her husband, when his will was contested. The agreement between Mrs. Candler and the claimant was on a contingent-fee basis, consisting of one-half of the property she might obtain through his efforts. Mrs. Candler was successful in her suit to gain the property, and executed quitclaim deeds to the claimant.

When the quitclaim deeds were submitted to the Department of the Interior for transfer, the Indian Bureau notified Mrs. Candler that inasmuch as she was of one-fourth Indian blood and an enrolled member of the Shoshone Tribe, she could not make any valid contract without the approval of the Department of the Interior. The suit heretofore mentioned in the District Court for the District of Columbia was brought, judgment was entered in favor of the Government, and the Court of Appeals affirmed that judgment, stating as follows:

"As to allotment No. 950 * * *

"It is also conceded that a subsequent conveyance of this land by Mr. Spriggs to the United States at its request, in trust for Mary Candler, the same person as defendant Candler, after a conveyance by her to him, was upon the mistaken view that the land was restricted and that the earlier deed to him accordingly was invalid. The cloud which appears thus to have been cast upon his title to this tract through mistake may no doubt be removed by legislation, or possibly by appropriate litigation."

As to the main suit, the court dismissed it as one lacking jurisdiction in the Federal courts.

Hearings were had upon this bill, and the contentions of the claimant and those of the Department of the Interior in relation to the different interests are in sharp disagreement. This bill would send the matter to the court in order to have a final adjudication of the interested parties.

The committee is of the opinion that this is the type of legislation which should be

subjected to a court interpretation for the purpose of bringing it to complete finality and, for that reason, recommends that the bill, S. 2629, be favorably considered.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2629) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, notwithstanding any statute of limitations or lapse of time, jurisdiction is hereby conferred upon the United States District Court for the District of Wyoming to hear, determine, and adjudicate any claim of John J. Spriggs of Lander, Wyo., against the United States relating to certain lands in the Wind River Indian Reservation, Wyo., conveyed to him by quitclaim deed by Mary Bradford O'Neal Candler on November 18, 1925. Suit upon any such claim may be instituted at any time within 1 year after the date of the enactment of this act: *Provided*, That nothing in this act shall be construed as an inference of liability on the part of the United States.

SHAREHOLDERS AND DEBENTURE NOTE HOLDERS OF GOSHEN VENEER CO.

Mr. CAPEHART. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 780, House bill 6282.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H. R. 6282) for the relief of the former shareholders and debenture note holders of the Goshen Veneer Co., an Indiana corporation.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Dow M. Gorham, administrator of the estate of Charles E. Gorham, the sum of \$50,176.17; to Dow M. Gorham, administrator of the estate of Nellie A. Gorham, the sum of \$8,858.66; to Elizabeth Dow Snoke, administrator of the estate of Ethel B. Dow, the sum of \$82,639.91; to Elizabeth Dow Snoke, the sum of \$32,468.66; to Barbara Dow Bowen, the sum of \$32,468.66; and Dow M. Gorham, the sum of \$88,542.42, former shareholders of the Goshen Veneer Co., an Indiana corporation, having its principal place of business at Goshen, Ind., in full settlement of their claims against the United States as a result of having lost their business by reason of an overexpansion of its facilities urged and encouraged by the War Department of the United States in anticipation of the requirements of the projected wartime wooden aircraft program and the subsequent abandonment of that program by the War Department before amortization could be effected: *Provided*, That no part of the amounts appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the con-

trary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. DIRKSEN. Mr. President, in connection with the bill just passed, I ask unanimous consent that a statement of the purpose of the bill and other pertinent material be printed at this point in the RECORD.

Mr. MANSFIELD. I join the acting majority leader in that request, Mr. President.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the proposed legislation, as amended, is to pay the former shareholders of the Goshen Veneer Co. a total sum of \$295,154.47, in full settlement of their claims against the United States as a result of their having lost their business during the period 1942-44 by reason of overexpansion of the facilities of said business at the behest and urging of the United States War Department, in anticipation of the requirements of the projected wartime wooden-aircraft program and the subsequent abandonment by the War Department before amortization could be effected.

STATEMENT

A similar bill, H. R. 10092, as amended, was favorably reported to the Senate from the committee on July 20, 1946, and passed by the Senate on July 27, 1946, too late for further action by the House, as amended by the Senate.

The Goshen Veneer Co. was established in 1892 by Myron C. Dow and Charles E. Gorham and was operated as a partnership until it was incorporated in 1900. The ownership of the firm and all of its stock remained in the hands of the organizers or their families up to April 1944. Since its inception Goshen has engaged in the manufacture of hardwood veneer and plywood principally for the manufacture of furniture. It was among the first to develop the hot-press technique for cementing veneer with thermosetting resins. The average net sales for the years 1936 to 1941 were \$558,200, with average net profits of \$26,300 or 5 percent of sales. The incidents out of which this claim arises took place in the spring of 1942 through the summer of 1944. A number of the persons then having offices or other responsible positions in and about the Goshen Co. are now deceased.

On March 10, 1942, Mr. J. J. Snoke, general manager of Goshen, advised the Army Air Force's procurement officers by letter of Goshen's availability for plywood manufacture and offered its services in that regard. It is not clearly established whether this letter was a response to solicitations by such procurement officers to Goshen, or whether it was a voluntary act on the part of the corporate management. It is to be borne in mind, however, that this company was a small, family-owned corporation operated in a city in mid-America and, inasmuch as the officers and shareholders were all members of the community, the letter probably represented a genuine desire on their part to contribute toward the defense effort at this period in which the country was engaged in a world war.

On May 6, 1942, the company had prime or subcontracts with various agencies of the Government totaling \$354,500 and a subcon-

tract estimated at \$600,000 was in the process of negotiation with the Bell Aircraft Co., which had a contract with the United States Army Air Forces. Goshen was contacted by representatives of the War Department during the summer of 1942 and the necessity of peak production for the war effort was stressed.

On May 22, 1942, Goshen entered into a V-loan agreement for \$100,000 of revolving credit. It is to be noted that \$100,000 of additional credit would not be an unusual financial transaction in view of the size of the company and its average of \$500,000 gross business in the preceding years.

Following the first V-loan, Goshen received further subcontracts, and about the 1st of August 1942 Lt. George E. Dilley, assistant to the district financial officer, contacted the company for the purpose of assisting it in obtaining an increased loan which Goshen had contemplated making as early as July 6, 1942. Further, on July 29, 1942, a letter was received by Goshen from a Major Lyon which contained several rather broad statements with regard to V-loans.

On August 7, 1942, the First Bank & Trust Company of South Bend, a fiscal agent for the War Department, which handled the first V-loan, applied to the Federal Reserve for a guaranty for a loan of \$600,000, this being a consolidation with the first V-loan and an increase in credit of \$500,000. The claimant contends that considerable pressure by procurement officers during the summer of 1942 had induced them to go ahead with continued expansion to handle war contracts which the Air Forces desired.

Specifically, the United States Air Forces at this time were interested in a program for producing plywood aircraft, thus saving on aluminum and other essential minerals. It was in connection with this plywood aircraft program that Goshen had been contacted.

On August 22, 1942, the bank consolidated the former loan and a loan was made in the amount of \$600,000 for Goshen. In addition to the provisions securing repayment under the former agreement there was incorporated in the August 22 instrument the new loan contract provided, inter alia, that the bank, at its election could require separate accounts for funds advanced and the countersigning of checks, inspection of the books and records of Goshen, and the right to make advances in its sole discretion; also, monthly balance sheets certified by public accountants; approval by the bank of all contracts for over \$25,000, and the acquisition of any fixed assets over \$2,000 was required.

It is to be noted that the May 22 loan for a revolving fund of \$100,000 provided for a mortgage of all real estate, equipment, materials, tools, machinery, and personal property except inventory; the assignment of the proceeds of all contracts with United States or various departments thereof; the subordination of outstanding debentures (in the extent of \$26,064.70) to the loan; prohibition of the payment of any dividends during the period of the loan; for monthly balance sheets and accounting records certified by a CPA; the personal guaranty of J. J. Snoke and Dow Gorham for the repayment of funds advanced, and an acceleration clause to be effective in case of a breach of any of the terms of the agreement.

The committee notes that the control of the company with the issuance of these two loans progressively passed from the existing management to the bank and the War Department. Further, the amount of the second loan was not thought to be desirable by the bank or the Federal Reserve, but which was acquiesced to by them at the insistence of the War Department officials, because it would be an excessively large loan for the size of the Goshen Co. and its previous operations. Briefly, the company took the second loan and expanded its operations in accordance with contracts with the Gov-

critics have no case, but even if it could be said that some of the decisions were pretty far out of line there would be no occasion to restrict the appellate jurisdiction of the Court. There is so much at stake in the maintaining of the traditional role of the Court that even a number of bad decisions would be of infinitesimal size in comparison.

As we have already seen a curb-the-Court attitude is an attack upon the independence of the judiciary.

An ad hoc, piecemeal attack upon areas of jurisdiction in a crude blunderbuss method which has no discernible relation to rational policy in the distribution of judicial work and the interpretation of the Federal Constitution and statutes. If the appellate jurisdiction is to be reexamined it should be done in terms of the role of the Court as an institution and of the overall needs of the country with respect to the administration of justice. I do not now see any occasion for that sort of reexamination.

It would be bad enough, as others have observed, to have no unifying review of Federal cases; that would leave the law of the land to be interpreted differently in different circuits. Even worse would be elimination of Supreme Court review of State cases involving Federal constitutional questions. The Constitution could not be preserved as one supreme law of the land for all the people, as provided by article VI without such review. An attack upon it is an attack upon the Union. Let the Court curbers bear in mind that they are playing with fire.

For my part, I applaud the Court and hope that a more perfect realization upon the part of American lawyers of the great service the Court has been rendering the cause of human freedom and equality will stimulate us to establish in the American Bar Association a strong and active section on human rights. This thought I warmly commend to President Rhyne. Meanwhile, let us bestir ourselves to do all we can to give living vitality to the values espoused by the Bill of Rights and the post-Civil War amendments with the hoped-for effect that America will set a truly worthy example before a troubled world, which needs, more than anything else, our moral leadership.

PHILADELPHIA BAR ASSOCIATION,
Philadelphia, Pa.

EXCERPT FROM THE MINUTES OF THE MEETING
OF THE BOARD OF GOVERNORS HELD JUNE
23, 1958

Whereas United States Senate bill 2646, known as the Jenner-Butler bill, seeks to remove appellate jurisdiction of the United States Supreme Court in certain instances; and

Whereas the board of governors of the Philadelphia Bar Association is opposed to all limitations of the appellate jurisdiction of the United States Supreme Court in cases arising under the Constitution of the United States: Therefore, be it

Resolved, That the board of governors of the Philadelphia Bar Association go on record as opposing that section of Senate bill 2646 which attempts to limit the appellate jurisdiction of the United States Supreme Court as to the validity of any law, rule, or regulation of any State, or of any board of bar examiners, or similar body, or of any action or proceeding taken pursuant to any such law, rule, or regulation pertaining to the admission of persons to the practice of law within such State; and further,

Resolved, That the board of governors of the Philadelphia Bar Association advise our Senators and Representatives at Washington of this stand and forward them copies of this resolution.

EMIL F. GOLDBABER, Secretary.

EXTENSION OF TRADE AGREEMENTS ACT—AMENDMENT

Mr. CLARK. Mr. President, I send to the desk for appropriate reference an amendment intended to be proposed by me to H. R. 12591, a bill to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The PRESIDING OFFICER. The amendment will be received, printed, and referred to the Committee on Finance.

Mr. CLARK. Mr. President, the amendment which I propose would make permanent the Trade Agreements Act, instead of extending it for a period of 5 years.

I have noted with interest the efforts being made on behalf of what are, in my judgment, misguided protectionists dealing in the 19th century tradition of trade to curtail the authority of the President under the Trade Agreements Act and to limit the term to which the act, which has now passed the House, would be extended.

I note for the RECORD that the original Trade Agreements Act of June 12, 1934, had a stated life of 3 years. Since that date the act has been extended nine times; in 1937, 1940, 1943, 1945, 1949, 1951, 1953, 1954, and 1955. This is the proposed 10th extension. Over this period of years, the average extension has been for a little more than 2 years.

I point out that since the present administration took office it has been unable to get the act extended for more than 1 year at a time on two occasions, and on the third occasion for only 2 years.

The time and expense consumed in these periodical extensions of the act are well known. The House hearings started on February 17, and concluded on March 25. About 200 witnesses were heard, and statements and written material introduced into the RECORD total almost 3,000 pages.

On June 20, 1958, the Secretary of State, John Foster Dulles, appeared before the Senate Committee on Finance in support of the House bill. I ask unanimous consent that the statement he then made be printed in the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY THE HONORABLE JOHN FOSTER DULLES, SECRETARY OF STATE, BEFORE THE SENATE COMMITTEE ON FINANCE ON EXTENSION OF THE TRADE AGREEMENTS ACT (H. R. 12591)

Mr. Chairman and members of the committee, 4 months ago I spoke before the House Ways and Means Committee in support of the President's proposal to extend and strengthen the Trade Agreements Act. I now direct myself to the bill which has come to this committee from the House of Representatives. It represents some alteration of the bill as originally introduced. The changes, however, are acceptable to the Executive and H. R. 12591 as received in the Senate has my full support.

The Secretary of Commerce will speak to you about the compelling reasons of domestic economy policy for strengthening and extending the Trade Agreements Act. The Secretary of Labor and the Secretary of Agriculture will doubtless present further convincing evidence of the importance of the program from the domestic viewpoint.

I shall direct myself primarily to foreign-policy consideration.

II

We live in a world which is new in terms of its political structure and its economic demands. Twenty countries have won their political independence within the last 15 years and this trend is likely to continue. Seven hundred million people are directly involved in this rapid transformation from the long-established system of colonialism. The very rapidity with which this transformation is occurring presents a major problem—how to achieve and maintain political stability.

Mass aspirations follow these new grants of independence. They are contagious and spread to other lands. The demands for improved living conditions are insistent. No possible sources of assistance are dismissed out of hand. Present free-world nations may prefer to buy and sell within the free world. But if they are frustrated in their efforts to do so, they can be expected to direct their search elsewhere.

Although no international wars are being fought today, our security is menaced, not only by the vast Soviet military buildup, but by the efforts of international communism to turn the worldwide changes to selfish use as steppingstones to world domination.

If we are to combat this evil successfully, a better international order must be built and the United States must be in the forefront of that effort.

Fortunately for us, the free world is not disunited. It works together and provides dispersed power to retaliate against armed aggression. Military unity is imperative and must be continually strengthened. But this requires high morale throughout the free world and a willing spirit of close cooperation. Such an atmosphere is not created and maintained through military cooperation alone. Economic security is indispensable to all our allies and friends. It is essential that their relationship to the United States contribute not only to their military security but also to their economic well-being.

III

The strategy of Communist imperialism involves the subversion of country after country until the United States is isolated and subject to economic strangulation. You have heard repeatedly Mr. Khrushchev's threat of war in the peaceful field of trade and his boast that the Soviets will win this war because of the superiority of their system. I have said before—and I say again—it would be reckless to treat this threat as negligible.

The Soviet Union is rapidly developing its weapons for waging economic warfare against the United States and has achieved an industrial level which enables it to export manufactured goods in increasing quantity and variety, and to take in exchange large amounts of natural products, whether agricultural or mineral, for their own use or to dump on free-world markets. Through pursuing this course, they hope to gain dominance—first economically, then politically—in many countries which need an assured foreign market.

Our Government has, by treaty or resolution, declared, in effect, that the peace and security of the United States would be en-

dangered if any of nearly 50 countries were to be conquered by Communist imperialism. But, declaring this is not enough. We have to convince both friend and foes that we will do what is needed to prevent the Communist conquest. So we have the policies and actions represented by our mutual-security program and by the Trade Agreements Act.

Some seem to believe that national policies which aim to assure a congenial and friendly world environment are un-American or unpatriotic. The fact is that from our beginning United States doctrine has proclaimed that our own peace and security are bound up inextricably with conditions of freedom elsewhere. Today that doctrine, the doctrine of interdependence, is the cornerstone of free-world policy.

IV

How has trade figured in these developments? During the depression of the early thirties, many countries tried to restore their economies by tariffs, quotas and currency manipulations. We did those things, and did them without regard to the effect upon others who were largely dependent on international trade. But the domestic relief we expected did not come. And by 1934 the decline in world trade brought to power, in several countries, leaders so nationalistic and aggressive as to constitute a major cause of World War II. They sought to expand their national domains at the expense of weaker neighbors on the ground that they could not assure their people a living standard by normal methods of peaceful trade. The price we all paid in World War II will, I hope, help us to avoid such shortsighted action in the future.

So far as the free world is concerned, the trend since that war has fortunately been in the other direction. In this movement to liberalize trade, the United States has been an indispensable leader. Our Trade Agreements Act, first enacted in 1934, and since extended 10 times, has reflected our desire and purpose to promote the mutually advantageous expansion of world trade.

Some elements of United States industry try to improve their competitive position by implying that any competition from abroad, merely because it is foreign should for that reason be barred. This viewpoint, I repeat, cannot be accepted as United States policy without endangering our whole Nation. This is not to say there are no cases where foreign competition should be restrained. There is a wide range of such cases and protection is in fact accorded. It is true, however, that any general disposition to exclude foreign goods simply because they are competitive would gravely disrupt economic, political, and spiritual relationships which are required for our own welfare and for the defense of our peace and freedom.

You may ask what is the proper relationship between the progress of the trade program and the interests of domestic procedures. Let me say this. Almost every national policy hurts some and benefits others. The form of our taxation; the nature of our defense purchases; the location of Government operations—all of these and many other national policies inevitably tip the scales of competition. Often, and certainly in the field of trade, the few who may be hurt, or fear that they may be, are more vocal than the many who may gain. That is their right. But the Congress has a duty, that is to serve the overriding national interest.

V

Important as the trade agreements program has been since its inception in 1934 and since World War II, I anticipate a progressively more vital role for the program in the future.

The program is one of our most effective tools for combating the emerging Soviet strategy of political economic penetration into uncommitted countries through the

offer of trade and economic aid. Since 1954 economic assistance extended by the Communist bloc to countries outside the bloc has amounted to one and a half billion dollars. Since 1954 the exports of the Communist bloc to the free nations have grown 70 percent. In 1957 they amounted to some \$3.1 billion. Furthermore, the number of bloc trade agreements with the free nations has more than tripled in the last 3 years, rising from 49 at the end of 1953 to 149 at the end of 1957. From what we know of the economic potential of the Communist bloc, there is reason to believe that this performance can be greatly augmented within the next few years. The State-controlled economy of the Soviets is well suited to swift changes in quantities and destination of exports. The shortage of virtually all consumer goods within the Soviet area means that additional quantities of a wide variety of imported materials can be absorbed with ease.

The danger of the Soviet economic offensive arises from the fact that to the leaders of Communist imperialism economic ties are merely another means of gaining ultimate political control. If through trade and economic assistance they can bring free nations within their economic orbit, they will have paved the way for political victory. Even though responsible leaders in the recipient countries also know this, desperation for markets in order to meet the aspirations of their people can tempt those governments to gamble their political independence rather than refuse Communist aid and trade.

To this challenge, our basic answer is our trade agreements program, coupled with our own aid program. The free world as a whole certainly offers by far the largest market for the raw materials that provide most of the money income of the less developed countries. This offer can only be realized, however, so long as the dominant free world trade trend is in the direction of opening markets and expanding trade to the maximum.

VI

In Western Europe we see unfolding a great new movement toward economic unity. This is the European Economic Community established by the Treaty of Rome, which entered into force on January 1, 1958. Through this treaty six nations on the European continent—Belgium, France, the German Federal Republic, Italy, Luxembourg, and the Netherlands—have agreed to eliminate all barriers to trade among themselves and to act toward others as a single economy. They will form a single common market of 170 million customers with a total import trade which, last year, was larger than that of the United States. This new market will, in time, have a single uniform tariff, and a common trade policy, which it will apply to imports from the United States and other countries of the free world.

This development has been encouraged by the United States, both the Congress and the executive branch, since the early days of the Marshall plan. It should now be our policy to cooperate with the new Economic Community of Europe to the end that both the United States and the European Economic Community will contribute to the economic strength and well-being of the free world as a whole.

The next 5 years will be the critical, formative years of the European Economic Community. This is a major reason why it is essential that the trade agreements program be renewed this year for 5 years. During this period long-lasting decisions will be made as to the level of the European common external tariff and as to the other commercial policies which the Community will adopt. The best opportunity we will have to negotiate with the Community the tariff reductions most advantageous to our export trade will be before the new tariff becomes firmly established. We would seek to nego-

tiate tariffs lower than those to which the countries comprising the European Economic Community are presently committed.

The procedure and timetable which its members contemplate for the establishment of the common market illustrate the need for extending our program for not less than 5 years.

The first step in reducing internal tariffs, within the common market, will be taken next January 1, when internal duties are to be reduced by 10 percent from their present levels. Thereafter there will be progressive reductions until internal tariffs are completely eliminated by the end of 1972. These reductions are important to us because after the first of next year, goods produced within the common market will have a steadily increasing advantage within the common market area over American and other free world goods.

With respect to external tariffs, the plan is this: The European Economic Community has informed us that they expect to have their proposed, or target, tariff (which they are now negotiating among themselves) available for examination by us and others about the end of 1959.

The objective of this examination will be to ascertain whether the target tariff accords with the obligations which the common market countries have previously assumed under the General Agreement on Tariffs and Trade. In this context, we shall want to be satisfied that the target external tariff is not on the whole higher, nor more restrictive than the separate tariff schedules of the six countries now in effect.

We shall also look at the individual items to be certain that the commitments which others have made to us are maintained.

After we have completed this examination, we will have to prepare the United States position for negotiations and choose the items on which we might be willing to consider tariff concessions. This will include peril-point investigations by the Tariff Commission. This whole process will take at least 18 months from the date on which we receive the target tariff. This timetable makes clear that under the best of circumstances negotiations with the European Economic Community cannot begin until 3 years from now. The negotiations themselves would take at least a year, bringing us at least to mid 1962. It is only prudent to allow another year for slippages. Finally, other countries will not be willing to make the complex preparations for these negotiations unless they are sure that the United States Government has authority to see them through to completion. For all these reasons the full 5-year extension is a necessity.

Another point I wish to make is this: Our trade agreements program has been accepted in this country now for 24 years. I think it is clear that the program has been successful and has benefited this country greatly. I believe that most people in this country look upon the program as continuing and permanent. It would, to my mind, be unthinkable to discontinue it.

On each of the 10 times that the Trade Agreements Act has come before the United States Congress for renewal, there has been a period of uneasiness and concern among our friends throughout the free world. Because the United States is the ranking supplier or consumer of so many commodities, its trade policy is a matter of vital interest to the overall economy of many countries. The question of whether the United States is going to continue to buy a given country's products so as to enable that country to accumulate dollar exchange with which to buy needed supplies for the well-being of its own people is often nearly a life and death proposition.

For one reason or another people abroad have acquired the impression that trade-restrictionist sentiment is growing in the United States. Whether this impression is

correct or not—and the recent passage of this renewal bill in the House would certainly indicate the contrary—the belief injects an element of instability and danger into the future which is not conducive to cooperation or to our national security.

Why, then, should we insist upon the reargumentation of its merits every 3 years or oftener and lead our friends abroad to fear we may suddenly reverse our trade policy? The Trade Agreements Act has become a symbol around which other free world countries develop their trade policies and make their plans. Greater stability in our program will certainly mean greater stability in their programs. Can there be any doubt that such stability would benefit us all?

This stabilizing of our basic policy would not of course mean freezing our procedures; if during the 5-year period experience shows the need for improvements in the legislation, these can of course be accomplished.

VII

A few days ago (June 6, 1958) I made a statement to the Foreign Relations Committee dealing with the basic aspects of our foreign policy. In the course of that presentation I made a statement about world trade which I should like to repeat here today:

"The world of today requires better economic health than was tolerable in past times.

"International trade is more than ever important. Our own foreign trade is now approximately \$32.4 billion a year and provides employment to 4½ million of our farmers and workers. International trade is even more vital to the economic life of many other free world countries.

"A principal instrumentality and the outstanding symbol of our attitude to international trade is our Trade Agreements Act. The principle of the act was first adopted in 1934, and 10 times the Congress acted to renew it. Any failure now to renew it would be a grave blow to the world's economy, including our own, and it could be fatal to security."

Mr. Chairman, that is a blunt statment. But to put it less bluntly would, in my opinion, fail to portray the immense importance to the United States of the legislation now before us.

Mr. CLARK. Mr. President, I invite particular attention to this comment in Mr. Dulles' statement:

On each of the 10 times that the Trade Agreements Act has come before the United States Congress for renewal, there has been a period of uneasiness and concern among our friends throughout the free world. Because the United States is the ranking supplier or consumer of so many commodities, its trade policy is a matter of vital interest to the overall economy of many countries.

Our indecision in this regard has required an enormous amount of congressional, Presidential, and administrative time to be spent to obtain repeated renewals of a policy which is now firmly imbedded in our law. That seems to me to be a serious mistake.

Mr. President, instead of attempting to curtail the period to a 5-year extension, as provided by the House, in my humble opinion we should make the act permanent. That is the purpose of my amendment.

Mr. President, I do not mean that in any way Congress should give up its traditional control over tariff and trade policy. I merely suggest that until such time as the Congress can summon a majority to reverse a well established and sound policy, we should not be plagued every few years with such an enormous

waste of legislative and executive talent, to preserve a position which should be rockbound and firmly established as a part of our international policy—certainly until the major opinion in the country and in the Congress shall change. I am therefore hopeful that the amendment will receive the favorable consideration of the Senate when the bill comes before us in the near future.

Mr. President, I desire to turn to another subject.

The PRESIDING OFFICER. The Senator from Pennsylvania has the floor.

REPORT ON UNEMPLOYMENT SITUATION WITH RECOMMENDATIONS FOR ITS IMPROVEMENT

Mr. CLARK. Mr. President, I shall send to the desk in a moment a resolution which I intend to submit for myself and other Senators. The resolution refers to the Employment Act of 1946, which requires in specific terms that certain information be made available to the Congress. This information includes current levels of employment, production, and purchasing power; levels necessary for maximum employment, production, and purchasing power; current and foreseeable trends; the effects upon these levels of the Government's economic program and of economic conditions affecting employment; and a program and recommended legislation for obtaining maximum employment, production, and purchasing power.

I believe that anyone who reads objectively the economic report transmitted to the Congress in January of this year will agree that it does not furnish the information called for by the act. It was a good historic review of what had been happening in the economy. But it provided nothing, in quantitative terms, about the levels of employment, production, and purchasing power necessary to carry out the objectives of the act, or about current and foreseeable trends in relation to those levels.

It scarcely looked ahead at all, even in qualitative discussion. Projections were practically nonexistent. As a consequence, it was not of much use to the Congress in formulating programs for maximum employment, production, and purchasing power.

However, my object today is not to hash over the past. What I am presently concerned about is that future reports be compiled in such a way as to carry out the mandate of the law, and that another section of the law be utilized at this particular time.

That is the section that authorizes interim reports from time to time. It is my understanding that up through 1952 an interim report was prepared each summer and sent to the Congress. It is my further understanding that since 1952, no such reports have ever been prepared.

Certainly, it is in times like these—when the economy is operating at far less than maximum levels—that the idea of an interim report has special significance.

I believe that this Congress needs a supplementary economic report before adjournment so that we can compare the state of the economy as it looks from the White House with our own views before we go home for the year.

The President and his advisers have been most optimistic about our national economy. Let us see the basic data on which that optimism is based.

We are entitled under the Employment Act to projections in quantitative terms. It is plain that that is the intention of the act. It is also plain that, in no other way, can the Congress get the information which it needs.

Accordingly I submit, for appropriate reference, on behalf of myself and the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alabama [Mr. SPARKMAN], the Senator from Illinois [Mr. DOUGLAS], the Senator from Oklahoma [Mr. MONROE] and the Senator from Wisconsin [Mr. PROXMIER] a resolution requesting the President to transmit to the Congress by August 1 a supplementary report as authorized by the Employment Act of 1946.

The PRESIDING OFFICER. The resolution will be received and appropriately referred.

The resolution (S. Res. 321) requesting the President to transmit a supplementary report to the Senate on the unemployment situation with recommendations for its improvement, submitted by Mr. CLARK (for himself and other Senators), was referred to the Committee on Banking and Currency, as follows:

Whereas section 2 of the Employment Act of 1946 declares that " * * * it is the continuing policy and responsibility of the Federal Government to use all practicable means * * *, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining * * *, conditions under which there will be afforded useful unemployment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power;" and

Whereas section 3 (a) of the said act directs the President to transmit to the Congress an annual economic report setting forth " * * * (1) the levels of employment, production, and purchasing power obtaining in the United States and such levels needed to carry out the policy declared in section 2; (2) current and foreseeable trends in the levels of employment, production, and purchasing power; (3) a review of the economic program of the Federal Government and a review of the economic conditions affecting employment in the United States or any considerable portion thereof during the preceding year and of their effect upon employment, production, and purchasing power; and (4) a program for carrying out the policy declared in section 2, together with such recommendations for legislation as he may deem necessary or desirable;" and

Whereas section 3 (b) of the said act provides that "the President may transmit from time to time to the Congress reports supplementary to the Economic Report, each of which shall include such supplementary or revised recommendations as he may deem necessary or desirable to achieve the policy declared in section 2" of the said act; and

Whereas there have been significant changes in the levels and trends of employment, production, and purchasing power since the Economic Report of the President was transmitted to the Congress

on January 20, 1958, and no supplementary report has been transmitted since that date; and

Whereas in view of the changes in the economy a current report setting forth the data specified in section 3 (a) of the said act would be of special assistance to the Congress during its present session: Therefore be it

Resolved, That the President is hereby requested to transmit to the Congress prior to August 1, 1958, under the authority provided in section 3 (b) of the Employment Act of 1946, a supplementary report which shall set forth the data specified in section 3 (a) of the said act and, in particular, the levels of employment, production, and purchasing power needed to carry out the policy declared in section 2 of the said act, the current and foreseeable trends in the levels of employment, production, and purchasing power, and supplementary or revised recommendations to achieve the policy declared in section 2 of the said act, setting forth the data relating to levels and trends as far as feasible in quantitative terms.

AMENDMENTS TO SAVE THE LOW-RENT HOUSING PROGRAM

Mr. CLARK. Mr. President, I turn to another subject and I do so with some diffidence, noting the not unaccustomed scene in the Senate of my good friend, the distinguished junior Senator from Wisconsin [Mr. PROXMIRE] occupying the chair and of a Senator talking to an otherwise absolutely empty Chamber.

Mr. President, I would not detain my good friend in the chair were it not for the Senate rule which requires that any statements or speeches which are not actually delivered appear in the CONGRESSIONAL RECORD in such small type that only the very young and those with hawk eyes are ever able to read them. So I apologize to my friend for detaining him longer. I wish I also could go off on my Fourth of July vacation, but the subject matter which I have in mind I know is of keen interest to the Presiding Officer as well as to me, and I believe it will be useful that the remarks appear in the CONGRESSIONAL RECORD, so that when the housing bill comes before the Senate, as it will in a few days, other Senators will at least have the benefit of one junior Senator's thinking about how important indeed that bill is.

Mr. President, when the Senate takes up the proposed housing act of 1958 in the next few days, we will have under consideration the most important changes in the concept of public low-rent housing since the program was initiated 21 years ago. These amendments constitute title IV of the bill reported by the Banking and Currency Committee.

In the 21 years since its inception, public housing has been under constant attack by implacable enemies. But the Senate of the United States has traditionally come to the aid of this embattled program and preserved it from destruction.

Today, the long-time enemies of low-rent housing are trying to discredit these amendments as the latest phase of their unremitting effort to extinguish this program.

My remarks this afternoon are addressed to those Senators who have

stood by public housing through the years so that they will understand the necessity at this time for the basic changes in the program which a majority of our committee has recommended. I hope that I can clear the air of some of the confusion about these amendments which has been created.

LOW-RENT HOUSING IS STILL NEEDED

When the public housing program was launched 2 decades ago, Franklin Roosevelt had declared that "one-third of the Nation is ill-housed." Today, the proportion is somewhat lower. Perhaps only one-fourth of our people now live in housing that ought to be demolished, or is without toilet facilities or running water. But while the proportion may be slightly smaller than 20 years ago, we have probably hardly more than kept up with population growth. The total number of slum dwellers today is probably not significantly less than then. Indeed, there is much evidence that in many of our cities we have been losing ground in housing—not gaining.

Our experience over 20 years has shown that the original proponents of public housing were correct. At that time, some said, "Give private enterprise a chance, and it will do the job." In 20 years, it has been demonstrated that a large segment of the population are not and cannot be lifted out of the slums through unsubsidized private housing. The people of low income—the worker who earns only the minimum wage, the retired person on a social-security pittance, the mother and children who have been deserted, and unemployable, the working man with an exceptionally large family—these constitute a market that private enterprise does not reach at all with new housing. They are served only to a very limited degree by the "trickling down" of additional good used housing. For the most part, if they are to live in decency, public action is essential.

Thousands of families have been lifted from the slums by public housing. But many thousands more still live in a squalor from which they can be rescued in no other way.

URBAN RENEWAL DEPENDS ON PUBLIC HOUSING

Now there is a new factor that brings special urgency to the need for public housing. In the last 9 years, the Federal Government and the cities together have conceived and put into effect a flourishing urban renewal program. Urban renewal has revitalized community spirit. It has given our cities the hope and the means for cutting out the cancerous ring of blight that surrounds their central business districts. It provides the means of restoring these areas to livable, income-producing, attractive neighborhoods with open space and room to breathe—and thus to save the central business districts themselves from strangulation and decay. The result has been a civic renaissance from coast to coast. Plans and results in Pittsburgh, Philadelphia, Baltimore, New Haven, Chicago, St. Louis, and many other cities have attracted national attention. Every Member of this body is familiar with the changes that are tak-

ing place within sight of the Capitol in southwest Washington.

But the most difficult question to solve in connection with urban renewal is, what happens to the people? As slums are cleared to make way for higher value properties, thousands upon thousands of families are uprooted from their homes.

The Administrator of the Housing and Home Finance Agency, Mr. Albert Cole, estimates that about 50 percent of the population of areas to be cleared have incomes so low that they cannot obtain suitable housing in the private market. Yet, before an urban renewal project can proceed, a community must certify that safe and sanitary relocation housing is available for persons who are displaced. This brings us to the inescapable fact that urban renewal—with its promise of progress such as we have never before experienced—is going to be brought to a halt soon in many communities, and eventually in most, if public housing does not keep pace with the needs created by urban renewal.

IS LOW-RENT HOUSING BEING PROVIDED?

It is a travesty that, as the need for public housing grows even greater with urban renewal, the construction of new public housing has all but stopped.

Nine years ago, when the Housing Act which bears the names of the late Senators Wagner and Taft and the senior Senator from Louisiana [Mr. ELLENDER] was passed, the Congress confirmed a need over a 6-year period of 810,000 units of public housing, or 135,000 a year.

Since then that rate of construction has not even been approached. In the 8 years since then, the total number of starts, year for year, has been 44,000, 71,000, 58,000, 35,000, 19,000, 19,000, 23,000, and 49,000—averaging less than one-third of the 135,000 starts contemplated annually. Of the 35,000 units authorized under the Housing Act of 1956, only 9,000 have been put under contract and only 200 are under construction.

In short, in the face of a recognized, demonstrable, and growing need, the public housing program is moribund. It is dying. It is withering away.

WHY IS THE PROGRAM DYING?

Why is the program failing?

Those who administer public housing in our communities cite various causes—but important among these is the rigid control of the program out of Washington. These leaders who should know say public housing is being strangled with redtape and suffocated by the dead hand of a Washington bureaucracy. The Federal authorities, on the other hand, say the communities, for their own reasons, are just not seeking any more public housing.

One of the most comprehensive attempts to discover the answer was undertaken a year ago by the magazine, Architectural Forum. Under the heading of "The Dreary Deadlock of Public Housing—How To Break It," the magazine ran a symposium of 11 informed persons representing many shades of opinion. They were: James W. Rouse, mortgage banker, Baltimore; Ellen Lurie, Settle-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 11, 1958
For actions of July 10, 1958
85th-2d, No. 115

CONTENTS

Adjournment.....	23		
Appropriations.....	17		
Area redevelopment.....	22		
Atomic energy.....	22		
Budgeting.....	3		
Civil defense.....	7		
Contracts.....	12,16		
Cooperatives.....	25		
Educational exchange.....	11		
Ethics.....	5		
Family farm.....	30		
Farm program.....	4,35		
Flood control.....	27		
Flour.....	28		
Food additives.....	31		
Foreign aid.....	29		
Foreign trade.....	1,28		
Forestry.....	13		
Hog-cholera.....	13		
Humane slaughter.....	8		
Labor standards.....	20		
Lands.....	24,33		
Legislative program.....	22		
Marketing facilities.....	22		
Military construction.....	18		
Minerals.....	2		
Monopolies.....	34		
Onions.....	26		
Organization.....	19		
Personnel.....	5,14		
Potatoes.....	32		
Property.....	12		
Purchases.....	12		
Public Law 480.....	18,22		
Public works.....	16		
Reclamation.....	15		
Recreation.....	9		
Security.....	14		
Small business.....	12,22		
Soil conservation.....	27		
State loans.....	22		
Statehood.....	10		
Tobacco.....	20		
Trade agreements.....	1		
Water.....	6		
Watersheds.....	21		
Wild horses.....	33		

HIGHLIGHTS: Senate committee ordered reported trade agreements extension bill.

SENATE

1. TRADE AGREEMENTS. The Finance Committee ordered reported with amendments H. R. 12591, the proposed Trade Agreements Extension Act of 1958. The Daily Digest reported the following analysis of changes made in the bill by the committee:

Extends the President's authority for 3 years (House proposed 5 years);
Authority to reduce tariffs 5% in a year to maximum of 15% (House proposed 10% annually, 25% total);

Tariff Commission decision final unless the President's disapproval is confirmed by a majority vote of Congress, affirmative decision of Commission prevails in tie votes, and conflicting recommendations resolved by President's decision as to which provided the greatest relief;

Establish a 9 member Commission (3 each from the President, the Senate, and the House) to study the international trade agreement policy of the U. S. pp. D658-9

Sen. Thurmond inserted his statement and letters from a plywood manufacturer and a textiles firm, on the Trade Agreements Act extension bill. He urged two amendments to extend the act for only 2 years and allow reductions of no more than 10%, and to require Congress to confirm the President's refusal to sustain Tariff Commission recommendations. pp. 12123-5

2. MINERALS. Began debate on S. 4036, to provide stabilization payments to certain minerals producers. pp. 12108-13, 12126, 12127-53
3. BUDGETING. The Appropriations Committee was granted 10 more days to file a report on H. R. 8002, the accrued expenditures budgeting bill. p. 12108
4. FARM PROGRAM. Sen. Proxmire submitted two amendments to be proposed to S. 4071, the Senate farm bill. One amendment would add a Dairy Products Marketing Act similar to that he proposed earlier in S. 2952. The other amendment would add a Dairy Stabilization Act as proposed by the National Milk Producers' Federation. p. 12094
5. PERSONNEL ETHICS. The Post Office and Civil Service Committee reported without amendment H. Con. Res. 175, proposing a Code of Ethics for Government service (S. Rept. 1812). p. 12093
6. WATER DEVELOPMENT. The Judiciary Committee reported without amendment S. 3987, granting the consent of Congress to the Tennessee-Tombigbee Waterway Development Compact (S. Rept. 1826). p. 12093
Sen. Johnson inserted a report, "Water Developments and Potentialities of the State of Texas," prepared by the Army Corps of Engineers, Bureau of Reclamation, SCS, and the Texas Board of Water Engineers. He stated that the report opens the way for developing a water plan for Texas' water resources development. pp. 12090-2
Received from the Budget Bureau plans for works of improvement on Mill Creek, Ga.; Obion Creek, Ky.; Muddy Creek, Miss. and Tenn.; and Dry Devils River and Lowrey Draw Upper Lake Fork Creek, Tex. p. 12092
7. CIVIL DEFENSE. The Armed Services Committee ordered reported with amendments H. R. 7576, to amend the Federal Civil Defense Act of 1950 so as to permit the expansion of the civil-defense activity of the Federal Government to assume more responsibility for the national program. p. D658
8. HUMANE SLAUGHTER. Sen. Monroney inserted 14 editorials urging the Senate to act on the humane slaughter bill. pp. 12153-5
9. RECREATION. Sens. Anderson, Neuberger, Watkins, and Barrett were appointed to the National Outdoor Recreation Resources Review Commission. p. 12126
10. STATEHOOD. Sen. Javits urged action to admit Hawaii into the Union during the 85th Congress and inserted an editorial, "Hawaii's Turn." pp. 12096-8
Sen. Payne inserted his statement and Sen. Pastore spoke, commending the efforts of Ernest Gruening in achieving Alaskan statehood. pp. 12105-6
Sen. Allott urged admission of Hawaii into the Union and discussed with Sens. Watkins and Mansfield the hope of considering such a bill in this session of Congress. pp. 12156-7
Received a resolution from the Maui County Board of Supervisors, Hawaii, urging enactment of legislation to admit Hawaii into the Union. p. 12093
11. EDUCATIONAL EXCHANGE. Received from the U. S. Advisory Commission on Educational Exchange a report for the first six months of 1958. p. 12092

HOUSE

12. SMALL BUSINESS. Agreed to the conference report on H. R. 7963, to make the Small Business Administration a permanent agency and to increase the SBA loan authority. As agreed to, the bill declares it to be the policy of

Mr. EASTLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BIBLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS TO THE TRADE AGREEMENTS EXTENSION BILL

Mr. THURMOND. Mr. President, on July 2, I appeared before the Senate Finance Committee to present amendments to accomplish two purposes to House bill 12591, the trade agreements extension bill.

These amendments provide a portion of the safeguards which our domestic industries and their employees urgently need in order to alleviate the damage which is being done by foreign competition.

I also presented two statements from South Carolinians whose businesses have been grievously affected by the present trade policies.

In my opinion, it is absolutely essential that the Congress take steps at this session to remedy the bad situation in which certain of our domestic industries find themselves. For that reason, I ask unanimous consent that my statement before the Finance Committee and the two statements by South Carolina citizens be printed in the body of the RECORD following these remarks.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR STROM THURMOND, DEMOCRAT OF SOUTH CAROLINA, IN SUPPORT OF HIS AMENDMENTS TO H. R. 12591 BEFORE SENATE FINANCE COMMITTEE, JULY 2, 1958

Mr. Chairman and members of the Finance Committee, I appreciate your courtesies in permitting me to testify today in favor of my proposed amendments to H. R. 12591, the trade agreements extension bill. I shall try to be as brief as possible in explaining my amendments, and then I shall offer for the record two statements from South Carolinians who have been grievously affected by our present trade policies.

Since its very inception, the trade agreements program has been tagged as "reciprocal." Indeed, its author, Cordell Hull, so envisioned it, yet in the 10 previous extensions of the act we have marched steadily in the direction of lowering our Nation's tariff barriers with very little reciprocity on the part of the nations with which we do business. The credit, exchange, licensing, and the myriad of other hindrances to free trade invoked against us by foreign governments is an old story to this committee.

My amendments to H. R. 12591, which I have introduced in the Senate and which I formally present to the committee today, are, I believe, a strong step toward the goal of fairness to all. For those of our citizens interested in freer trade, they do not affect most of the provisions of the House bill. For import-affected domestic industries and employees, they offer a portion of the safeguards to which they are entitled.

I am sure that most of you gentlemen are aware that I favor full and proper safeguards to protect our domestic industries, our war mobilization base, and the jobs of the mil-

lions of working people and their families. It is my opinion that these safeguards can best be provided by a system of select legislative quotas. I am, however, enough of a realist to know that legislative quotas cannot be enacted at this session of the Congress.

I am, therefore, proposing a more than reasonable approach to make it possible to continue an effective and efficient trade program with a few amendments that will give our domestic industries and their employees a fighting chance to survive. I feel certain that you gentlemen will agree with me, after hearing the explanation of my amendments, that they are very reasonable.

My 3 amendments to the bill would accomplish 2 major purposes: First, to extend the trade program for 2 years instead of 5, thereby providing the President with the power to reduce tariffs by 5 percent each year, or a total of 10 percent, instead of 25 percent; and second, to return to the Congress a portion of its full power to regulate commerce, as authorized in article I, section 8 of the Constitution.

I feel that 2 years is the maximum period that the act should be extended for several reasons.

First, there is no precedent for a Presidential request to extend the act for 5 years. In 10 previous extensions, none has covered more than 3 years. In postwar years, the trend has been toward 1- and 2-year extensions.

Secondly, the Tariff Commission's report and recommendation on reclassification under the Customs Simplification Act of 1954 will be filed with Congress on January 1, 1959. Congress will act on this report at the next session, approving or modifying recommendations by the Tariff Commission. These will then be the statutory tariff classifications and rates. This will require adjustments and reconsiderations of actions taken under the Trade Agreements Act; thus, the only safe and logical procedure requires that the Trade Agreements Act be reviewed at the time the reclassifications are under consideration.

Next, the administration has indicated that no agreements will be negotiated until the course of the European Customs and Trade Union is clearly determined, so our trade relations will not suffer by the extension for only 2 years.

As my fourth point, I would like to suggest that we not extend this program into the next administration—regardless of whether it be Democratic or Republican—but that we reappraise it after a 2-year extension. There is ample reason for this limitation. World conditions are subject to rapid change. In recent years, we have come to expect sudden upheavals in political and economic structures. We have learned that a policy considered sensible today may be outdated and ineffective tomorrow. Hence, Congress must act to encourage frequent review of our foreign-trade policy, and it should not seek to tie the hands of a new administration on such a controversial program.

Next, I believe we should reappraise our trade policy in the next 2 years in order to permit early evaluation of the switch in imports from raw and partly processed materials to more finished goods. This trend can have serious repercussions on our economy and on employment.

As my sixth and final reason, I would point out that the Congress just recently extended the Export Control Act for 2 years. Why should not we also limit the extension of the Trade Agreements Act to this same period of time?

The second major purpose of my amendments is of the utmost importance, not only to our domestic industries and their employees, but also to the Congress itself. As I have already stated, it would restore to the Congress some of its power to regulate for-

eign commerce, as provided in the Constitution.

My proposal would require that the President obtain the support of a majority of both Houses of Congress before he could be sustained in his refusal to implement a Tariff Commission escape-clause finding. The President would be given 90 days within which to gain approval through passage of a concurrent resolution of the two Houses of Congress. These resolutions would be regarded as privileged matter in order to insure that the Congress would definitely act within the 90-day period.

If the President submits his report to the Congress when the Congress is not in session, or less than 90 days before the adjournment of the Congress sine die, and no action is taken by the Congress prior to adjournment, then the decision of the President would stand provisionally until 90 days after the Congress reconvenes. If he is not sustained within 90 days after Congress reconvenes, then the Tariff Commission finding would become final.

Mr. Chairman, there is not a thing unreasonable about this proposal. If the President has any case at all for vetoing a Tariff Commission finding, then he could easily obtain a majority vote in both Houses. It might be noted in recent years the President has vetoed approximately two-thirds of the Commission's recommendations for relief.

I assume, Mr. Chairman, that no one questions the right of Congress, under the Constitution, to regulate foreign commerce. Furthermore, it is evident that the need for returning to Congress a portion of this power has been clearly established to the satisfaction of the House. Otherwise, the Ways and Means Committee would not have proposed that the Congress reenter the trade picture.

I am glad that the Ways and Means Committee, and also the House recognized this need, but I am alarmed at the unreasonable approach which they took in placing the burden of obtaining a two-thirds vote of the Congress on a single industry to override the President's veto of a Commission escape-clause finding. To pretend that this would bring any relief at all to an industry found by the Commission to be injured by foreign imports or other aspects of our trade program would be a sheer delusion of the most grandiose nature. Congressmen and Senators are only too aware of the difficulty of obtaining a two-thirds vote in both Houses on most any issue. To say that a small domestic industry with limited resources and few plants in few States—or for that matter any single American industry, no matter what its size—could obtain the necessary two-thirds majority vote in both Houses is ridiculous.

The amendment I am offering as a substitute for this provision in the House bill is a reasonable approach. I repeat, that if the President has any case at all for vetoing a Commission finding of relief for a domestic industry, then the President will have no trouble in winning a simple majority vote in both Houses to sustain his action. By making the concurrent resolutions in each House-privileged matter, the President would be assured of a vote within the 90-day period.

I am not asking that you give American industry and American workers anything but a small parcel of what they are due—that is, that the Congress shall reenter the field of regulating foreign commerce, not to the full extent demanded by the Constitution, but just partially. In other words, as I stated previously, give them a fighting chance to continue to exist. I do not believe that this is asking too much.

I have here with me today 2 statements from representatives of 2 of South Carolina's most vital industries, the textile and plywood-veneer industries. One gentleman, Mr.

Walter A. Stilley, Jr., the president of Stilley Plywood Co. in Conway, S. C., is here in the committee room today. He has already talked to several committee members, explaining his present plight as a result of low-wage foreign imports which today account for 52 percent of our domestic-plywood market.

Unless Congress acts to provide some way of giving Mr. Stilley and his employees a chance of competing on some equitable basis with Japanese labor costs that run about one-tenth of his, then he will be forced to follow countless others and give up his business and put more Americans out of work. He is a man who could have walked away with pockets full of insurance money after his plant burned to the ground in 1955. Instead, he put his trust in the President's promise that he would not let any American industry go under as a result of his trade policies. Mr. Stilley is not guilty of exercising bad-business judgment, Mr. Chairman; he merely put his faith in the President's word, and in his country. Now, he stands to lose everything, unless Congress amends this bill to provide some small safeguards.

The other statement which I have comes from Mr. William J. Roddey Jr., the president of Victoria Cotton Mill in Rock Hill, S. C. Mr. Roddey's mill, which was organized in 1898 and has provided employment for 250 families for these many years, was forced to close its doors a few weeks ago. Mr. Roddey states that he had to quit as a result of the terrific competition which he has been receiving from low-wage Japanese gingham imports. He states further that the carded gingham industry has now been effectively destroyed in America, and he expresses the hope that the Congress will not permit the same fate to befall the entire textile industry.

We have already dallied too long to save many plants and jobs in the textile industry. Since World War II employment in this vital industry has declined by 345,000 jobs, and more than 700 mills have shut down. I do not know how this industry can stand much more.

Textiles, plywood, and veneer are not the only American industries that are in peril today. I am sure that the committee has also heard testimony from representatives of the following industries that have been seriously affected by foreign competition: appliances, cameras, ceramics, chemicals, metals, machinery, machine and hand tools, tuna, and many other industries that provide numerous jobs in America.

I ask permission, Mr. Chairman, to have both of these statements placed in the record of these hearings at the conclusion of my remarks.

In closing, Mr. Chairman, I again thank you for permitting me to present these amendments and these statements for your earnest consideration. If this committee should act to adopt these very reasonable amendments, then I am confident that they will be approved by the Senate and the conference committee. Once these amendments are approved by the Congress, some vital segments of American industry will at least have a chance to survive; our war mobilization base will thereby be given some added strength; unemployed Americans can have some hope of returning to work; and employed American workers and their families can sleep at night knowing that their country is for them and not against them in that they will stand a reasonable chance of continuing on their jobs.

STATEMENT OF WALTER A. STILLEY, JR.,
PRESIDENT, STILLEY PLYWOOD CO., INC.,
CONWAY, S. C., BEFORE THE SENATE
FINANCE COMMITTEE JUNE 28, 1958

My name is W. A. Stilley, Jr., president of the Stilley Plywood Co., Inc., of Conway, S. C.

I have been in the plywood business since 1920 and during this time have been connected only with two companies. In all these years, good times and bad, with the exception of the last 2½ years, we were able to meet any and all competition and show a reasonable profit. The Stilley Plywood Co. was built by my father and myself in 1931 with a paid in capital of \$75,000. From a competitive standpoint, competition in those days was not exactly a bed of roses but we did not have Japanese competition. We started in the depths of the depression and were successful.

In May 1955 our plant was destroyed by fire. We were not fully insured but were fairly well covered. We had a substantial cash reserve and all of our receivables were good. I could have retired and lived well had I liquidated the business at that time. I finally decided to rebuild, not for monetary considerations, but because I felt an obligation to the people who worked for us, to the community, and because I loved my work. In view of the Japanese plywood competition, I hesitated to rebuild. I was advised by many not to rebuild. I finally decided to rebuild because I had faith in my country.

The President, in a letter to House Minority Leader JOSEPH W. MARTIN, advised Congress that no American industry would be placed in jeopardy through his administration of the Reciprocal Trade Act. I thought the President was telling the truth. I could not believe that any American President would follow a policy that would destroy a single whole American industry, large or small. I thought the escape clause was included in the act for a purpose. I never dreamed Congress would permit a whole American industry to be destroyed.

At the time of our fire, our paid-in capital stock was \$200,000. Our fiscal year runs from September 1 to August 31. During our 1955-56 fiscal year, we increased our capital stock to \$480,000. During our fiscal year of 1956-57 we increased our capital stock to \$730,000. We increased efficiency, produced more plywood per man-hour, but fewer dollars per man-hour due to foreign competition.

Our sales, profit and loss figures prove my point. Beginning with our fiscal year 1950, through 1953, my company made reasonable profits. Our best year was 1951, when our net sales were \$1,516,075; our net profit was \$237,330; and percentage of labor costs of sales was 26 percent, and profits on sales 15.6 percent. From 1951 through 1953, we still had profits, but they were declining. In 1954 we showed a net loss of \$11,573 on sales of \$1,044,646; our percentage of labor costs to sales was up to 35 percent. This is the first year we were hurt by Japanese plywood invading our drawer bottom and other markets. Our prices were down due to the competition of the low priced imports and costs were up. From that year on we have had net losses, climaxing in our fiscal year 1957 when our net loss was \$160,250. In that year, the percentage of labor costs to sales was 45 percent reflecting the lower prices we were required to accept for our product. Thus from a 15.6 percent profit-to-sales picture in 1951 we went to a net loss in 1957. In March 1956 the minimum wage under Federal statute went from \$0.75 to \$1 which compounded our difficulties. My most recent labor cost figures are for May of this year when the percentage to sales rose to 52 percent and our sales dropped to \$73,000. Ordinarily in business as costs increase prices increase but this has not followed in my business. Despite the rise in our costs the price structure, as I will illustrate subsequently, has been depressed.

We have learned that we cannot overcome the Japanese wage scale of 11½ cents per hour as compared to our minimum legal required wage. Our minimum wage of \$1 per hour plus 5¼ percent payroll taxes, plus an

average liability insurance rate of 3 percent makes a total minimum of \$1.08¼ which is a ratio of over 9 to 1 to Japan. In addition to this, the Japanese mills work 50 hours per week with no overtime. As you know, our overtime rate starts after 40 hours.

Labor is just part of the advantage that the Japanese have. They can construct a plant at far less than our cost. The supplies and other items going into the manufacture of plywood cost them less, and, of course, their fixed charges are far less than ours.

Our bread and meat business for many years has been drawer bottoms for the furniture industry. Since 1956, we have seen oak drawer bottoms go from \$110 per thousand square feet f. o. b. our mill to \$85, and mahogany drawer bottoms from \$115 to \$85. This is an average reduction of over 24 percent.

Since 1956 our labor has increased 33¼ percent, the supplies and other items used in the manufacture of plywood has increased, but plywood has gone down in price. When 52 percent of domestic consumption of hardwood plywood is being supplied by imports and 80 percent of these imports coming from Japan, it is not possible for us to recover cost.

I have always favored a reasonable reciprocal trade policy and I believe if our reciprocal trade policy had been administered as Cordell Hull originally intended for it to be, and as I believe you gentlemen wanted it to be administered, there would be no occasion for me to be making this plea before you today.

I think the State Department has prostituted the original intent of the reciprocal trade. I believe they have used the trade act as chips in a great international poker game. I think that most Americans know the State Department bets high, wide, and handsome and seldom wins. The act of the State Department with reference to our Reciprocal Trade Act brings to my mind a statement made by the late Will Rogers: "America never lost a war but they never won a conference."

If you gentlemen do not want to destroy some American industries, if you do not want to deprive Americans of the livelihood and property without due process of law, if you think the peril point means anything, you will find some way for the Congress to stand behind the Tariff Commission and the President. It is not fair for the President who is the State Department to be both judge and jury. I hope and pray you will find ways to be the final judge as provided by our Constitution.

As a law-abiding American, I feel that my welfare should be considered as well as the problems of the whole wide world. I feel that my industry has as much right to be considered as copper, lead, zinc, and oil industries. It has never been the American way to judge right from wrong by size of industry or individual.

Am I to be deprived of my property and livelihood because approximately 80 foreign countries say they will all go over to Russia unless we do everything they want done? If this is true, then we have lost our fight for the American way at home and abroad.

In America, we have not in the past deprived Americans of their livelihood and property without just compensation. If the House's bill passes without some changes, I will be deprived of my property and means of livelihood without any compensation. Such things are supposed to happen in Russia and not in America.

I know that Japan has the production capacity to supply all of this country's needs of hardwood plywood. Unless some restrictions are placed on them, they will open the floodgates. If the House's bill becomes law, I will be forced to close my plant. My employees will be out of work and what I have worked so hard to build up will, overnight, become practically worthless.

The fact cannot be denied that I will be deprived of my livelihood and property through no fault of my own. I believe the Tariff Commission will grant my industry some relief and the State Department, through the President, will veto any relief granted. I believe the Congress will uphold any relief the Tariff Commission would grant my industry. I believe I can save my business if Congress finds some way to be the final judge between the Tariff Commission and the President.

Some of you might say that I showed poor business judgment in rebuilding our plant after our fire. I do not think I showed poor business judgment. My past record as a manufacturer should prove this. My only mistake so far is that I believed in America. I believed in our constitutional rights. I believed that any man who occupied the White House would not destroy any American industry, however small. If the man in the White House attempts to do so, I did not think the Congress would go along with such an outrageous thing.

In conclusion, I would like to state that I know now how a condemned man, innocent of any wrongdoing, feels when making a final plea for mercy.

The fate of my little business, all that I have in the world, the livelihood of my people rests in your hands.

I appreciate this opportunity to appear before you and tell you a story that could, with minor changes, be told by thousands of small American manufacturers.

VICTORIA COTTON MILL,
Rock Hill, S. C., June 26, 1958.

Senator STROM THURMOND,
United States Senate Office Building,
Washington, D. C.

DEAR STROM: I was sorry to learn that the rules of the Finance Committee of the Senate did not allow me to appear in person and testify as to what is happening to our branch of the textile industry. Since it is not permissible to appear in person, I would be glad for you to use any part of this letter you see fit to help the committee understand what is happening to us.

The Victoria Cotton Mill was organized by my grandfather, W. L. Roddey, and others in 1898. It was organized to manufacture colored goods, primarily gingham, and has operated continually on this type of fabric ever since. We had one man who worked here continuously for over 54 years and quite a number who were here for over 40 years. Like most colored-goods mills the Victoria Cotton Mill has had its ups and downs but has always felt that it could compete with any other American mill in its class, both as to merchandise quality and price. About 25 years ago there was a style trend away from gingham and the quantity used dropped very appreciably. This was only a temporary period and we were able to make other colored goods to carry us through. Since that time, largely influenced by styling and advertising, gingham has become very popular and are used in a great many different ways.

After Japan surrendered, our Government spent a lot of time, money, and effort to build up the Japanese textile industry. At one time I was shown Japanese gingham which were brought to this country and displayed for sale by our Government. After the war the Japanese gingham business was built up from year to year, so that by 1955 they were able to flood this country with goods and seriously impair our markets. When the reductions in tariff were authorized by Congress the escape clause was put into the law to take care of such situations. Our industry, therefore, appealed to have the escape clause put into effect. This, of course, took a great deal of time to gather all of the information and to present it to the Government through hearings, etc. In

the meantime we in the carded gingham industry saw most of our customers and our market taken over by the influx of foreign goods with which we had no earthly chance to compete. We drastically curtailed production and tried to tide the situation over in the expectation that our Government certainly would not sit idly by and see us all destroyed. After many months of waiting, our Government finally came up with the voluntary Japanese quota system. Even if this system had been strictly adhered to, it still permitted a tremendously large amount of carded gingham to be shipped into this country. After this quota agreement was published we did have a customer come to us who felt that he would probably have trouble in getting goods needed over and above the quotas. With the realization that we could continue our people working and probably be able to work out something better later on, we accepted a large order below cost, started to work on it and began to spend money improving the plant and equipment. When it came time for taking on new orders our customer told us that he not only would not pay any increase in price but could buy imported goods considerably cheaper. Our investigations have convinced us that imported goods are still flooding the country in carded gingham and at prices much below our cost of production, even if we had the most modernly equipped plant. We believe imported goods are absolutely controlling the market and American production has been so reduced that it has practically no influence in setting prices. Under present conditions, it is simply: Do you want to meet the price of imported goods or do you want to pass up the business? We don't have the ghost of a chance of competing with goods made from cheap foreign labor and world-priced cotton so there is no other alternative that we can find but to close up shop.

How can you expect American Industry to compete when imported goods are made from cheaper raw materials, with labor costing one-tenth to one-half the cost of American labor, and with American know-how on modern equipment. Upon this basis foreign imports can destroy our industries one by one or in any manner they choose, whenever it suits their pleasure.

All of us recognize that a large volume of world trade on an equitable basis is not only desirable but almost a necessity under present world conditions. On the other hand, there are few countries in the world which do not recognize that their industries can be destroyed by a large volume of foreign imports and have attempted to protect themselves by passing anti-dumping legislation. Our Government too has at least recognized this danger on paper but to date has refused to take any effective steps to protect the textile industry. The carded gingham industry has already been destroyed. I certainly hope that something will be done to prevent it before the whole textile industry is destroyed.

These sudden changes are the cause of heavy financial loss to investors in industry but the greatest loss must be borne by the workers in the industry. In full operation the Victoria Cotton Mill employed about 250 workers. Being an old established concern the average age of its employees is higher than the average for the industry and many of them have never worked anywhere else in their lives. It is indeed a source of deepest regret that we can no longer work with and for these faithful and loyal people in earning their livelihood.

Senator, we feel that you are waging a very worthwhile fight and if there is anything in the world that I can do to help, please feel free to call upon me.

Sincerely,

W. J. RODDEY, Jr., President.

THE ALUMINUM INDUSTRY OF THE UNITED STATES

Mr. HILL. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter I have written to the Secretary of State, on behalf of myself and several of my colleagues, in behalf of the aluminum industry of the United States.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., June 25, 1958.
The Honorable JOHN FOSTER DULLES,
Secretary of State,
Washington, D. C.

DEAR MR. SECRETARY: The aluminum industry is an important segment of the economies of our respective States, as well as a major component of our country's mobilization base. Since World War II, the industry has invested over \$2½ billion of private capital to build primary and fabricating facilities, most of it in furtherance of Government mobilization expansion programs. At present approximately one-third of the productive capacity of the industry is shut down, in part because of increased imports of aluminum, principally from friendly countries whose aluminum markets are effectively closed to United States manufacturers. In addition, the economic warfare tactics of the Soviet Union have weakened aluminum prices in the world market and lessened the domestic industry's ability to maintain production during times of reduced demand.

In the case of other materials, many of less strategic importance than aluminum, the executive agencies have from time to time taken such action as they deemed necessary in an effort to help reduce the effect of increased imports on domestic production. We suggest that it may be of mutual benefit to discuss with representatives of the aluminum industry the problems with which the industry is now confronted and concerned. In this regard we hope that you will agree to meet with representatives of the aluminum industry at your earliest convenience.

The representatives are also interested in meeting with officials of the Department of Commerce, the Department of the Treasury, the Department of the Interior, the Department of Defense, the Office of Defense Mobilization, and General Services Administration, and a copy of this letter is being sent to each of these agencies.

Very sincerely,

LISTER HILL, JOHN SPARKMAN, J. W. FULBRIGHT, JOHN L. MCCLELLAN, RUSSELL B. LONG, WARREN G. MAGNUSON, ALBERT GORE, ALLEN J. ELLENDER, ESTES KEFAUVER, STUART SYMINGTON, HENRY M. JACKSON, RICHARD L. NEUBERGER, WAYNE MORSE, JOHN D. HOBLITZEL, JR., MIKE MANSFIELD, CHAPMAN REVERCOMB, JAMES E. MURRAY, United States Senators.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 1832) to authorize the appointment of one additional Assistant Secretary of State.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the

amendments of the Senate to the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended.

APPOINTMENTS TO NATIONAL OUTDOOR RECREATION RESOURCES REVIEW COMMISSION

The PRESIDING OFFICER (Mr. CHURCH in the chair). The Chair has been requested by the Vice President to announce for him the following appointments to the National Outdoor Recreation Resources Review Commission established by Public Law 440: The Senator from New Mexico [Mr. ANDERSON], the Senator from Oregon [Mr. NEUBERGER], the Senator from Utah [Mr. WATKINS], and the Senator from Wyoming [Mr. BARRETT].

STABILIZATION OF PRODUCTION OF COPPER, LEAD, ZINC, AND OTHER MINERALS FROM DOMESTIC MINES

Mr. BIBLE. Mr. President, I ask unanimous consent that the unfinished business be laid aside temporarily, and that the Senate return to the consideration of calendar No. 1834, S. 4036.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 4036) to stabilize production of copper, lead, zinc, acid-grade fluorspar, and tungsten from domestic mines.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nevada?

There being no objection, the Senate resumed the consideration of the bill (S. 4036) to stabilize production of copper, lead, zinc, acid-grade fluorspar, and tungsten from domestic mines.

OUR JUDICIAL SYSTEM—THE BULWARK OF LIBERTY

Mr. MORSE. Mr. President, I respect the right of every Member of the Senate—in fact, I take it to be the duty of each Member of the Senate at all times—to express on the floor of the Senate his honest convictions with respect to any question of public policy involving the welfare of this Nation. The Senator from Mississippi [Mr. EASTLAND] has that right and that duty, and I respect his courage and forthrightness in standing on the floor of the Senate from time to time and expressing his convictions on a great many issues, as he did today.

I am sorry I did not hear all the speech of the Senator from Mississippi, but I heard enough of it to justify me in expressing myself as I now shall, in opposition to it. When I listen to a speech such as that of the Senator from Mississippi, I likewise have a duty to the people of my State and my Nation to express my convictions, which are so diametrically opposed to the thesis of the speech of the Senator from Mississippi. I think there should be an immediate answer to the speech in the Senate this afternoon. At a later date, when I shall have had an opportunity to analyze the speech of

the Senator from Mississippi in greater detail, I intend to make another speech in defense of the Supreme Court as the keystone of the judicial system of America. In my judgment, what I have listened to this afternoon constitutes one of the most serious and unsound attacks on the judicial process under the Constitution of the United States I have ever heard.

As a lawyer, I rise to defend the right and the duty of the United States Supreme Court to apply the Constitution of the United States in accordance with the tenets of constitutional law, as a majority of the Court believes those tenets should be applied to the facts of an individual case.

We have listened to a very interesting statistical analysis of Supreme Court decisions. It proves how fallacious a statistical analysis can be if one starts with an erroneous base. I say, most respectfully, that, in my judgment, the Senator from Mississippi engaged in subjectivity and not objectivity because his speech was based upon assumptions regarding motivations of members of the United States Supreme Court.

I say most respectfully, that it is always dangerous, when one seeks a sound conclusion, to proceed to analyze the motivations of someone else's mind.

To make a statistical analysis of the decisions of individual members of the United States Supreme Court as they have applied the Constitution in accordance with their judicial trust, and then jump to the conclusion that in protecting individual rights, in protecting the great civil rights guaranteed by the Constitution, they turned themselves into pro-Communist judges, in my judgment is such a travesty upon the principles of logic that I am aghast that I sat in the Senate and heard such non sequitur, fallacious reasoning presented on this floor. I say that with all due respect to the right of the Senator from Mississippi or anyone else to present illogical arguments.

But this afternoon I take the Senate back to Marbury against Madison, when a great Chief Justice of the United States, a great Virginian, the great John Marshall, laid down a fundamental principle of constitutional law which has stood the test of American public opinion ever since, namely, that under our system of government it is the duty of the Supreme Court of the United States to apply the Constitution in individual cases as they come before that high tribunal. That decision settled, at least up until this hour—the great issue as to the separation of powers under our republican form of government. That decision settled, up until this hour, at least, the right of the Supreme Court of the United States to pass final judgment upon constitutional rights of free men and women, subject only to a change in the Constitution itself.

Thank God for the doctrines of Marbury against Madison. Thank God for a Supreme Court which has the courage, in hours of hysteria, to hold true to the basic rights of freedom guaranteed each citizen by the Constitution of the United States, without which rights

we would not be in this Chamber this afternoon as free men.

Let me make clear that when a set of facts comes before the United States Supreme Court the individuals involved in each set of facts really become impersonal beings, so far as judicial duty is concerned. And if in protecting civil rights, in protecting constitutional rights of men and women, the Court may be dealing with a Communist, a murderer, a rapist, or any other person of heinous stripe, it still remains the duty of that Court to apply the Constitution irrespective of the character or makeup or philosophy or point of view of the individual involved. Whenever the Supreme Court or any other court in this land ceases to do that, we shall have destroyed equality and uniformity of justice.

I have been heard to say on previous occasions on the floor of the Senate—but it certainly needs repeating this afternoon—that it is the duty of the courts of the United States never to allow political winds, political considerations, public hysteria, or public bias, to enter into the decisions of such courts in applying the law to the facts of a case.

It is pretty sad—and I say this with a full understanding of the meaning of the sentence I now utter—that any attempt should be made to tear down the United States Supreme Court and its prestige before the American people. That is the most dangerous subversion that could be let loose in America.

In the last analysis our judicial process will protect us from sinister forces within our body politic, whether such forces be those of communism, racketeering, any form of gangsterism, or any other type of activity which seeks to destroy the health of our body politic.

Our judicial system is the last bulwark for protection of the freedom of Americans. After listening to the Senator from Mississippi, I stand here and cast my eyes in the direction of that Temple of Judicial Protection in the United States, the Supreme Court Building, little more than a stone's throw from the desk from which I speak. I say to the American people, "Do not be misled. Do not be frightened into a state of mind which would cause you to believe that the nine great men who sit on that bench are men who do not have the highest regard for the majesty of the robes they wear and the significance of those robes to the perpetuity of liberty and freedom in America."

I close by saying I categorically deny, as a lawyer, that there is any justification, on the basis of the record of the present bench of the United States Supreme Court, for such a sinister attack on those great public servants as I have heard this afternoon. Again I say, thank God for the courts. With a prayer on my lips, I say, Let us always hope that that Court will continue to sit there unsullied and unafraid. If those there are in this country who wish to take away from that Court the duty to protect the rights of American citizens under the Constitution, let them propose a constitutional

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 10, 1958

Referred to the Committee on Finance and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. KENNEDY (for himself, Mr. HUMPHREY, Mr. DOUGLAS, Mr. JAVITS, and Mr. NEUBERGER) to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz:

- 1 After the enacting clause insert "TITLE I".
- 2 Page 1, line 3, strike out "That this" and insert: "SEC-
- 3 TION 1. This".
- 4 Page 8, after line 15, insert the following:
- 5 “(c) Section 4 of the Trade Agreements Extension
- 6 Act of 1951, as amended (19 U. S. C., sec. 1361), is
- 7 amended by adding at the end thereof the following new
- 8 subsection:

1 “(c) In any case in which the President is required,
 2 under the provisions of subsection (a) above, to transmit
 3 a message to Congress identifying an article with respect to
 4 which the limits or minimum requirements found and re-
 5 ported by the Tariff Commission have not been complied
 6 with, he may determine to invoke the provisions of the
 7 Trade Adjustment Act of 1958 by notifying the Trade
 8 Adjustment Board, created under the provisions of such
 9 Act, to that effect. The President shall include in his
 10 message to Congress, provided for in subsection (a) above,
 11 a statement indicating whether he has so notified the Trade
 12 Adjustment Board.’”

13 Page 9, line 14, after the comma insert the following:
 14 “by inserting before the period at the end of the first
 15 sentence ‘or may notify the Trade Adjustment Board, created
 16 under the provisions of the Trade Adjustment Act of 1958,
 17 that he has invoked the provisions of the Trade Adjustment
 18 Act of 1958 with respect to such industry’,”.

19 Page 9, line 16, strike out “The” and insert in lieu
 20 thereof “Subject to the provisions of paragraph (4), the”.

21 Page 10, line 16, strike out the quotation marks.

22 Page 10, after line 16, insert the following:

23 “(4) (A) In any case in which the President does
 24 not invoke the provisions of the Trade Adjustment
 25 Act of 1958 with respect to a domestic industry con-

cerning which the Tariff Commission has recommended action to prevent or remedy injury to the industry, but has taken action to prevent or remedy such injury, he shall submit a report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate stating why he has not invoked the provisions of the Trade Adjustment Act of 1958.

“(B) In any case in which the President has decided to invoke the provisions of the Trade Adjustment Act of 1958, as authorized in paragraph (1), he shall suspend the taking of action pursuant thereto until the expiration of the 60-day period referred to in subparagraph (2) (B), and if the action found and reported by the Commission to be necessary shall take effect as provided in such subparagraph (2) (B) no action shall be taken to put into effect the provisions of the Trade Adjustment Act of 1958.”

At the end of the bill insert the following new title:

“TITLE II

“SEC. 201. This title may be cited as the ‘Trade Adjustment Act of 1958’.

“PURPOSE

“SEC. 202. (a) It is recognized that the maintenance of a sound domestic economy and healthy international relations requires that the United States engage in trade among the

1 free nations of the world. Further, the Reciprocal Trade
2 Agreements Act of 1934 reflects the congressional desire
3 that the President be authorized to negotiate with the other
4 countries of the world with a view to lowering trade bar-
5 riers. The Congress has also recognized, in enacting the
6 peril point and escape clause provisions of the Trade Agree-
7 ments Extension Act of 1951, that there are situations in
8 which the reduction of trade barriers, although redounding
9 to the benefit of the Nation as a whole, may have serious
10 adverse effects on particular domestic industries. These
11 provisions provide mechanisms for determining at what
12 point reductions in trade barriers, either in prospect or
13 already accomplished, will have such adverse effects. They
14 provide no method by which greater prosperity and security
15 for the Nation as a whole can be secured by the reduction
16 of trade barriers, while avoiding or ameliorating the eco-
17 nomic losses which particular communities, industries, enter-
18 prises, and individuals may suffer in the adjustment of their
19 productive activities which may be made necessary by such
20 reduction. It is the purpose of this title to resolve this prob-
21 lem by providing assistance to communities, industries, enter-
22 prises, and individuals in the adjustment of their pro-
23 ductive activity to the economic conditions created by the
24 national trade policy. It is not the purpose of this title to
25 provide a permanent subsidy, but rather to provide the

1 means by which those affected by lowered trade barriers
2 may be assisted in the period of their adjustment.

3 “(b) It is the intention of Congress that, in determining
4 eligibility for the assistance provided for under this title,
5 the title shall be construed liberally and that any doubt re-
6 garding eligibility shall be resolved in favor of the applicant.

7 “ESTABLISHMENT AND FUNCTIONS OF TRADE ADJUSTMENT
8 BOARD

9 “SEC. 203. The President shall appoint a five-member
10 board to be known as the Trade Adjustment Board (here-
11 inafter called the ‘Board’), one member of which he shall
12 designate as Chairman. The members of the Board shall be
13 appointed from among the officers and employees of the
14 executive branch of the Government and shall serve without
15 compensation in addition to that otherwise received as offi-
16 cers or employees in the executive branch of the Govern-
17 ment, but they shall be reimbursed for travel, subsistence,
18 and other necessary expenses incurred by them in the per-
19 formance of the duties vested in the Board.

20 “SEC. 204. For the purposes of performing its duties, the
21 Board is authorized to—

22 “(a) hold such hearings, to sit and act at such times
23 and places, and to take such testimony, as the Board
24 may deem advisable;

25 “(b) secure directly from any executive depart-

1 ment, bureau, agency, board, commission, office, inde-
2 pendent establishment, or instrumentality information,
3 suggestions, estimates, and statistics needed to carry out
4 the purposes of this section; and each such department,
5 bureau, agency, board, commission, office, establish-
6 ment, or instrumentality is authorized and directed to
7 furnish such information, suggestions, estimates, and sta-
8 tistics directly to the Board upon request made by the
9 Chairman;

10 “(c) require by subpoena or otherwise the attendance
11 of witnesses and the production of books, papers, and
12 documents; to administer oaths, to take testimony, to
13 have printing and binding done; and to make such
14 expenditures as it deems advisable within the amount
15 appropriated therefor. Any member of the Board may
16 administer oaths or affirmations to witnesses appearing
17 before the Board. Subpenas shall be issued under the
18 signature of the Chairman and shall be served by any
19 person designated by him. The Board is authorized to
20 exercise any of the powers conferred upon the Securities
21 and Exchange Commission by subsection (c) of section
22 21 of the Securities and Exchange Act of 1934, and
23 subsection (d) of such section shall be applicable to
24 witnesses before the Board; and

25 “(d) establish such rules, regulations, and proce-

dures as may be appropriate to permit the Board to perform the functions prescribed in this title.

“SEC. 205. (a) Whenever the President, in accordance with the provisions of sections 4 and 7 of the Trade Agreements Extension Act of 1951, as amended by sections 4, 5, and 6 of this Act, shall determine to invoke the provisions of this title with reference to any article as to which a modification in the rate of duty or other import restriction, or any other concession, has been found either to threaten or to have caused serious injury to a domestic industry, he shall notify the Board of his decision.

“(b) After the notification by the President provided for above, the Board shall, upon application by any community, industrial development corporation, business enterprise, employee, or organization representing employees, determine whether the applicant is eligible, or represents persons eligible, to receive the benefits provided for in this title. If the Board shall determine that any community, industrial development corporation, business enterprise, employee, or organization representing employees is eligible for the benefits provided for in this title, or represents persons so eligible, it shall issue a certificate describing the community, industrial development corporation, business enterprise, or employees found eligible which shall conclusively establish for a period of eighteen months or such shorter period as the Board may

1 determine that the described persons are eligible for the
2 benefits provided for in this title. Such certificate shall state
3 the period for which they are valid and shall automatically
4 expire at the end of such period. Upon application, the
5 Board shall have authority to renew any certificates of
6 eligibility for successive periods of eighteen months, or less,
7 upon a showing that such renewal is necessary to accomplish
8 the purposes of this title. The Board shall also have author-
9 ity on its own motion or upon the motion of any interested
10 person, to cancel any such certificate of eligibility if it finds
11 the continued existence of such certificate is not necessary to
12 accomplish the purposes of this title. Upon the expiration
13 of one year after the notification by the President provided
14 for in this section, the Board shall report to the President
15 and the Congress concerning its operations under this title
16 pursuant thereto, together with its recommendations for any
17 amendments it deems necessary to further the objectives of
18 this title.

19 “(c) The following may be determined by the Board to
20 be eligible for the benefits provided for in this title:

21 “(1) Any business enterprise engaged in the pro-
22 duction of an article like or directly competitive with
23 an article with reference to which this title shall have
24 been invoked.

1 “(2) Any unemployed individual whose last regular
2 employment shall have been in a business enterprise
3 which is eligible or may be determined to be eligible
4 for the benefits provided for by this title.

5 “(3) Any community a substantial number of the
6 residents of which are individuals who are eligible or may
7 be determined to be eligible for the benefits provided for
8 by this title.

9 “(4) Any industrial development corporation organ-
10 ized for the purpose of aiding the development of a more
11 balanced and diversified economy or diversification of
12 production in a community which is eligible or may be
13 determined to be eligible for the benefits provided for
14 by this title.

15 “In determining whether a particular business enterprise
16 is eligible for the benefits provided for in this title, the
17 Board shall consider what portion of the total production
18 of such enterprise consists of the production of an article
19 like or directly competitive with the article with
20 reference to which this title shall have been invoked. In
21 determining whether any such enterprise or any community
22 or industrial development corporation is eligible for such
23 benefits the Board shall also consider whether such enter-

1 prise, community, or industrial development corporation has
2 developed satisfactory proposals for programs of economic
3 adjustment consonant with the purposes of this title.

4 “(d) As used in this title—

5 “(1) The term ‘industrial development corporation’
6 includes any body organized and operated by private
7 citizens for the purpose of aiding the development of a
8 more balanced and diversified economy or diversification
9 of production in a community through industrial de-
10 velopment, the training or retraining of employees, or
11 through any other means.

12 “(2) The term ‘employee’ includes an unemployed
13 individual whose last regular employment shall have
14 been in a business enterprise which is eligible or may
15 be determined to be eligible for the benefits provided
16 for in this title.

17 **“ADJUSTMENT BENEFITS**

18 **“SEC. 206. INFORMATION AND ADVICE.—**Upon appli-
19 cation of any business enterprise found by the Board to be
20 eligible for assistance under this title the appropriate depart-
21 ments and agencies of the Government shall furnish such
22 business enterprise technical information, market research,
23 or any other form of information and advice which might
24 be of assistance in the development of more efficient methods
25 of production and in the development of new lines of pro-

1 duction. Similarly, upon application of any community or
2 industrial development corporation found eligible for assist-
3 ance under this title, the appropriate departments and agen-
4 cies of the Government shall furnish such community or
5 industrial development corporation such information and
6 advice as will enable it to develop a more balanced and
7 diversified economy.

8 “SEC. 207. LOANS.—Section 207 (b) of the Small Busi-
9 ness Act of 1953 is amended—

10 “(a) by striking out the word ‘and’ at the end of
11 paragraph (4) ;

12 “(b) by striking out the period at the end of para-
13 graph (5) and inserting in lieu thereof a semicolon and
14 the word ‘and’; and

15 “(c) by adding at the end thereof a new paragraph
16 as follows:

17 “ ‘(6) to make such loans as the Administration
18 may determine to be necessary or appropriate to business
19 enterprises and communities, either in their corporate
20 capacity or as represented through industrial develop-
21 ment corporations or similar agencies, for the adjustment
22 by such business enterprises and communities to eco-
23 nomic conditions resulting from the trade policy of the
24 United States: *Provided, however,* That no such loans
25 shall be made by the Administration to any business

1 enterprise, or community unless the Trade Adjustment
2 Board, as established under the provisions of the Trade
3 Adjustment Act of 1958, shall have certified to the
4 Administration that such business enterprise, or com-
5 munity is eligible for benefits under the Trade Adjust-
6 ment Act of 1958: *And provided further*, That the re-
7 quirements of paragraph (1) of subsection (a) of this
8 section shall be applicable to the loans authorized to be
9 made under this paragraph.'

10 "SEC. 208. UNEMPLOYMENT COMPENSATION.—(a)
11 (1) The Secretary of Labor (hereinafter referred to as the
12 'Secretary') shall on behalf of the United States enter into
13 an agreement with any State in which an enterprise, or com-
14 munity, with respect to which a certificate of eligibility has
15 been issued under this title, is located, under which the State,
16 as agent of the United States, will make supplementary pay-
17 ments of compensation to unemployed individuals in the
18 State as provided for in this section, and will otherwise
19 cooperate with the Secretary and with other State agencies
20 in making payments of compensation under this section.

21 "(2) Supplementary payments of unemployment com-
22 pensation under this section shall be made only to individuals
23 within the class of individuals determined by the Board
24 under section 205 of this title to be eligible to receive the
25 benefits provided for in this title.

1 “(3) If the amount of unemployment compensation
2 payable to an individual under the law of the State in which
3 he is eligible to receive unemployment compensation is less
4 than $66\frac{2}{3}$ per centum of his average weekly wage, as deter-
5 mined under such law, then the amount of the supplemen-
6 tary payment of unemployment compensation to an individ-
7 ual under this section for a week of total unemployment shall
8 be an amount equal to the amount by which $66\frac{2}{3}$ per centum
9 of such average weekly wage exceeds the amount paid to
10 the individual under the unemployment compensation law
11 of the State (including payments made by reason of
12 dependents).

13 “(4) In any case where an unemployed individual re-
14 ceiving supplementary compensation under this section is no
15 longer entitled to payment of compensation under the un-
16 employment compensation laws of the State solely by reason
17 of the expiration of the period for which such compensation
18 is payable under such laws, there shall be paid to such indi-
19 vidual, out of amounts paid to such State by the United States
20 for such purpose and without cost to such State, compensation
21 in an amount equal to the rate of State unemployment com-
22 pensation and any supplementary compensation under this
23 section which he was receiving immediately prior to the time
24 he was no longer entitled to receive such rate. In order to
25 remain eligible for compensation under this paragraph, an

1 individual must comply with the provisions of State law with
2 respect to ability and availability for work, and with respect
3 to the acceptance of offers of suitable work, and failure to so
4 comply shall result in immediate cessation of payment under
5 this paragraph. The total period during which an unem-
6 ployed individual may receive benefits under this section
7 shall not exceed fifty-two weeks.

8 “(5) The amount of the Federal supplementary pay-
9 ment of unemployment compensation to an individual for a
10 week of partial unemployment shall be the amount necessary
11 to provide such individual with a weekly benefit equal to the
12 aggregate he would have received under paragraph (3) of
13 this subsection for a week of total unemployment, less his
14 earnings for such week in excess of the partial earnings allow-
15 ance, if any, permitted by the unemployment compensation
16 law of the State.

17 “(6) Any agreement under this section shall provide
18 that compensation otherwise payable to any individual under
19 the State’s unemployment compensation law will not be
20 denied or reduced for any week by reason of any payment
21 made pursuant to such agreement. No agreement under
22 this section for payment of compensation by a State agency
23 shall be valid if compensation payable to any individual
24 under the law of such State is less than it would have been
25 under such law as it existed on January 1, 1958.

1 “(b) Whenever the Board, either upon application of
2 an interested party or upon its own motion, determines that
3 unemployment among individuals found by the Board to
4 be eligible to receive the benefits provided for in this title
5 is no longer attributable to the trade policy of the United
6 States, no further payments shall be made under this section
7 to such individuals with respect to weeks of unemployment
8 occurring after the date of such determination by the Board,
9 or occurring during any period for which there is not in
10 effect a certification under section 205 describing such indi-
11 viduals.

12 “(c) Each State shall be entitled to be paid by the
13 United States an amount equal to the additional cost to
14 the State of payments of compensation made under and in
15 accordance with an agreement under this section which
16 would not have been incurred by the State but for the
17 agreement.

18 “(d) In making payments pursuant to this section, there
19 shall be paid to the State, either in advance or by way of
20 reimbursement, as may be determined by the Secretary,
21 such sum as the Secretary estimates the State will be en-
22 titled to receive under this section for each calendar month,
23 reduced or increased, as the case may be, by any sum by
24 which the Secretary finds that his estimates for any prior
25 calendar month were greater or less than the amounts which

1 should have been paid to the State. Such estimates may be
2 made upon the basis of such statistical sampling, or other
3 method, as may be agreed upon by the Secretary and the
4 State agency.

5 “(e) The Secretary shall from time to time certify to
6 the Secretary of the Treasury for payments to each State
7 sums payable to such State under this section. The Sec-
8 retary of the Treasury, prior to audit or settlement by the
9 General Accounting Office, shall make payment to the State
10 in accordance with such certification, from the funds avail-
11 able for carrying out the purposes of this title.

12 “(f) All money paid to a State under this section shall
13 be used solely for the purposes for which it is paid; and
14 any money so paid which is not used for such purposes shall
15 be returned, at the time specified in the agreement under
16 this section, to the Treasury and credited to current appli-
17 cable appropriations, funds, or accounts from which payments
18 to States under this section may be made.

19 “(g) An agreement under this section may require any
20 officer or employee of the State certifying payments or dis-
21 bursing funds pursuant to the agreement, or otherwise partici-
22 pating in its performance, to give a surety bond to the United
23 States in such amount as the Secretary may deem necessary,

1 and may provide for the payment of the cost of such bond
2 from funds available for carrying out the purposes of this
3 section.

4 “(h) No person designated by the Secretary, or desig-
5 nated pursuant to an agreement under this section, as a
6 certifying officer shall, in the absence of gross negligence or
7 intent to defraud the United States, be liable with respect
8 to the payment of any compensation certified by him under
9 this section.

10 “(i) No disbursing officer shall, in the absence of gross
11 negligence or intent to defraud the United States, be liable
12 with respect to any payment by him under this section if
13 it was based upon a voucher signed by a certifying officer
14 designated as provided by this section.

15 “(j) For the purpose of payments made to a State under
16 title III of the Social Security Act, administration by the
17 State agency of such State pursuant to an agreement under
18 this title shall be deemed to be a part of the administration
19 of the State unemployment compensation law.

20 “(k) The agency administering the unemployment com-
21 pensation law of any State shall furnish to the Secretary
22 such information as the Secretary may find necessary or ap-
23 propriate in carrying out the provisions of this title, and

1 such information shall be deemed reports required by the
2 Secretary for the purposes of paragraph (6) of subsection
3 (a) of section 303 of the Social Security Act.

4 “(l) Whoever makes a false statement or representation
5 of a material fact knowing it to be false, or knowingly fails
6 to disclose a material fact, to obtain or increase for himself
7 or for any other individual any payment authorized to be
8 paid under this section or under an agreement thereunder
9 shall be fined not more than \$1,000 or imprisoned for not
10 more than one year, or both.

11 “(m) The Secretary is hereby authorized to make such
12 rules and regulations as may be necessary to carry out the
13 provisions of this section. The Secretary shall insofar as
14 practicable consult with representatives of the State unem-
15 ployment compensation agencies before prescribing any rules
16 or regulations which may affect the performance by such
17 agencies of functions pursuant to agreement under this
18 section.

19 “SEC. 209. TRAINING AND TRANSPORTATION.—(a)
20 The Secretary shall provide adequate facilities and instruc-
21 tion for suitable training for unemployed individuals eligible
22 for the benefits of this title who are in need of retraining,
23 reemployment, vocational education, or vocational rehabili-
24 tation, through the following measures:

25 “(1) by arranging for the utilization and exten-

1 sion of all existing Federal governmental facilities, and
2 the utilization of the facilities of any other governmental
3 agency maintained by joint Federal and State contri-
4 butions, to carry out the purposes of this section; and

5 “(2) by entering into agreements or contracts with
6 public or private institutions or establishments, to pro-
7 vide for such additional training facilities as may be
8 necessary to accomplish the purposes of this section.

9 “(b) The Secretary shall have the power and the duty
10 to cooperate with existing Federal, State, and local agencies
11 and officials in charge of existing programs relating to re-
12 training, reemployment, vocational education, and vocational
13 rehabilitation for the purpose of coordinating his activities
14 with those of such Federal, State, and local agencies.

15 “(c) Whenever the Secretary shall determine that (1)
16 no job opportunity for an unemployed individual found eligi-
17 ble for the benefits of this title exist within his own current
18 labor market area, (2) a job opportunity for such individual
19 equivalent to his former employment is available at a place
20 in the United States outside of his current labor market area,
21 (3) such individual agrees to take the job opportunity out-
22 side of his labor market area, and (4) the acceptance of
23 such employment would be in the best interest of the United
24 States, then the Secretary is authorized to make available to
25 such individual at Government expense, facilities for the

1 movement of such individual, his dependents and his house-
2 hold effects to a location designated by such individual and
3 approved by the Secretary, by using Government or com-
4 mercial means of transportation, not to exceed the value
5 of \$150.

6 “SEC. 210. RETIREMENT.—(a) Whenever the Secre-
7 tary shall determine that any individual, sixty years or older,
8 included within a certificate of eligibility issued by the Board
9 is unemployed as a result of the national trade policy of the
10 United States and is unable to find employment because of
11 his advanced age, the Secretary shall issue a certificate con-
12 taining such a finding.

13 “(b) Section 216 (a) of the Social Security Act is
14 hereby amended by striking out ‘or’ at the end of paragraph
15 (1) thereof; by striking out the period at the end of para-
16 graph (2) thereof and inserting in lieu of such period a
17 comma followed by ‘or’; and by adding after such paragraph
18 (2) the following new paragraph:

19 ““(3) in the case of an individual who is certified
20 by the Secretary of Labor as unemployed by reason of
21 the trade policy of the United States and unable to find
22 employment because of advanced age, age sixty.’

23 “(c) The amendment made by this section shall take
24 effect with respect to payments made for months beginning
25 more than one month after the date this Act is enacted.

1 “SEC. 211. AMENDMENTS TO INTERNAL REVENUE
2 CODE OF 1954.—(a) Section 167 of the Internal Revenue
3 Code of 1954 (relating to the deduction for depreciation)
4 is amended by redesignating subsection (h) as (i), and
5 by inserting after subsection (g) the following new sub-
6 section:

7 “(h) BUSINESS ENTERPRISES INJURED BY NA-
8 TIONAL TRADE POLICY.—

9 “(1) SPECIAL RULE.—In the case of property
10 described in paragraph (4) used in a trade or business
11 by a business enterprise which, within the meaning of
12 paragraph (2), has been adversely affected by the
13 national trade policy of the United States, the reasonable
14 allowance under subsection (a) shall, at the election of
15 the taxpayer, be—

16 “(A) an amount equal to twice the amount
17 computed under the method of depreciation used in
18 respect of such property for the taxable year pre-
19 ceding the first taxable year in which this subsec-
20 tion applies to such property, or

21 “(B) an amount computed under the method
22 of depreciation described in subsection (b) (1) and
23 computed, with respect to the adjusted basis of such
24 property on the first day of the first taxable year in
25 which this subsection applies to such property, as if

1 (i) such property had been acquired on such first
2 day, and (ii) such property had a useful life of 5
3 years.

4 Nothing in this subsection shall be construed to limit
5 or reduce an allowance otherwise allowable under sub-
6 section (a).

7 “(2) BUSINESS ENTERPRISES ADVERSELY AF-
8 FECTED BY NATIONAL TRADE POLICY.—For purposes of
9 paragraph (1), a business enterprise shall be considered
10 to be adversely affected by the national trade policy of
11 the United States only if the Trade Adjustment Board
12 has issued a certificate of eligibility with respect to such
13 enterprise under section 205 (b) of the Trade Adjust-
14 ment Act of 1958.

15 “(3) TAXABLE YEARS TO WHICH APPLICABLE.—
16 Subject to the provisions of paragraph (5), paragraph
17 (1) shall apply with respect to property used in a
18 trade or business by a business enterprise only for the
19 taxable year in which the Trade Adjustment Board
20 issues the certificate referred to in paragraph (2) with
21 respect to such enterprise and for the 4 taxable years
22 succeeding such taxable year.

23 “(4) PROPERTY TO WHICH APPLICABLE.—Para-
24 graph (1) shall apply only to property which is used
25 in a trade or business by a business enterprise on the

1 date on which the Trade Adjustment Board issues the
2 certificate referred to in paragraph (2) with respect to
3 such enterprise.

4 “ (5) ELECTION.—

5 “ (A) WHEN AND HOW MADE.—An election
6 to compute the allowance allowed as a deduction
7 by subsection (a) with reference to this sub-
8 section shall be made, with respect to any
9 property used in a trade or business by a business
10 enterprise, at the time of filing the return for the
11 taxable year in which the Trade Adjustment Board
12 issues the certificate referred to in paragraph (2)
13 with respect to such enterprise. Such election shall
14 be made in such manner as the Secretary or his
15 delegate shall prescribe. At the time of making
16 such election, the taxpayer shall select the method
17 provided in subparagraph (A) or (B) of para-
18 graph (1) to be used in computing such allowance
19 with respect to such property.

20 “ (B) EFFECT.—An election under subpara-
21 graph (A) shall be effective for the taxable year
22 for which the return in connection with which the
23 election is made is filed and, unless sooner termi-
24 nated as provided in subparagraph (C), for the
25 four taxable years succeeding such taxable year.

1 “(C) REVOCATION.—An election under sub-
 2 paragraph (A) may be revoked by the taxpayer at
 3 the time of filing his return for any of the four tax-
 4 able years succeeding the taxable year for which
 5 the election was made. Such revocation shall be
 6 effective for the taxable year for which such return
 7 is filed and for succeeding taxable years. Such rev-
 8 ocation shall be made in such manner as the
 9 Secretary or his delegate shall prescribe.’

10 “(b) (1) Part VI of subchapter B of chapter 1 of
 11 the Internal Revenue Code of 1954 (relating to itemized
 12 deductions for individuals and corporations) is amended by
 13 adding at the end thereof the following new section:

14 **“SEC. 178. AMORTIZATION OF CERTAIN FACILITIES OF**
 15 **BUSINESS ENTERPRISES ADVERSELY AF-**
 16 **FECTED BY NATIONAL TRADE POLICY.**

17 “(a) GENERAL RULE.—

18 “(1) ALLOWANCE OF DEDUCTION.—In the case
 19 of an eligible business enterprise, there shall be allowed,
 20 at the election of the taxpayer, a deduction with respect
 21 to the amortization of the adjusted basis (for determin-
 22 ing gain) of any conversion facility (as defined in sub-
 23 section (d)) based on a period of 60 months. The 60-
 24 month period shall begin as to any facility, at the elec-
 25 tion of the taxpayer, with the month following the

1 month in which the facility was completed or acquired,
2 or with the succeeding taxable year.

3 “(2) AMOUNT OF DEDUCTION.—The amortization
4 deduction provided in paragraph (1) shall be an amount,
5 with respect to each month of the amortization period
6 within the taxable year, equal to the adjusted basis of
7 the facility at the end of such month, divided by the
8 number of months (including the month for which the
9 deduction is computed) remaining in the period. Such
10 adjusted basis at the end of the month shall be com-
11 puted without regard to the amortization deduction for
12 such month. The amortization deduction above pro-
13 vided with respect to any month shall be in lieu of the
14 depreciation deduction with respect to such facility for
15 such month provided by section 167.

16 “(b) ELECTION OF AMORTIZATION.—The election of
17 the taxpayer under subsection (a) to take the amortization
18 deduction and to begin the 60-month period with the month
19 following the month in which the facility was completed
20 shall be made only by a statement to that effect in the return
21 for the taxable year in which the facility was completed or
22 acquired. The election of the taxpayer under subsection (a)
23 to take the amortization deduction and to begin such period
24 with the taxable year succeeding such year shall be made
25 only by a statement to that effect in the return for such suc-

ceeding taxable year. Notwithstanding the preceding two sentences, the election of the taxpayer under subsection (a) may be made, under such regulations as the Secretary or his delegate may prescribe, before the time prescribed in the applicable sentence.

“(c) TERMINATION OF AMORTIZATION DEDUCTION.—
A taxpayer which has elected under subsection (b) to take the amortization deduction provided in subsection (a) may, at any time after making such election, discontinue the amortization deduction with respect to the remainder of the amortization period, such discontinuance to begin as of the beginning of any month specified by the taxpayer in a notice in writing filed with the Secretary or his delegate before the beginning of such month. The depreciation deduction provided under section 167 shall be allowed, beginning with the first month as to which the amortization deduction does not apply, and the taxpayer shall not be entitled to any further amortization deduction with respect to such facility.

“(d) DEFINITIONS.—For purpose of this section—

“(1) CONVERSION FACILITY.—The term ‘conversion facility’ means any facility, land, building, machinery, or equipment, or any part thereof, the construction, reconstruction, erection, installation, or acquisition of which was completed after the date of the enactment of this section, and with respect to which a certificate under

1 subsection (e) has been made. In no event shall an
2 amortization deduction be allowed in respect of any con-
3 version facility for any taxable year unless a certificate
4 in respect thereof under this paragraph shall have been
5 made before the filing of the taxpayer's return for such
6 taxable year.

7 “(2) BOARD.—The term ‘Board’ means the Trade
8 Adjustment Board established by section 203 of the
9 Trade Adjustment Act of 1958.

10 “(3) ELIGIBLE BUSINESS ENTERPRISE.—The term
11 ‘eligible business enterprise’ means—

12 “(A) a business enterprise with respect to
13 which a certificate of eligibility has been issued by
14 the Board under section 205 (b) of the Trade
15 Adjustment Act of 1958, or

16 “(B) a business enterprise situated in an
17 eligible community.

18 “(4) ELIGIBLE COMMUNITY.—The term ‘eligible
19 community’ means a community with respect to which
20 the Board has issued a certificate under section 205
21 (b) of the Trade Adjustment Act of 1958.

22 “(e) DETERMINATION OF ADJUSTED BASIS OF CON-
23 VERSION FACILITY.—

24 “(1) GENERAL RULE.—For purposes of subsection
25 (a), in determining the adjusted basis of a conversion

1 facility there shall be included only so much of the
2 amount of the adjusted basis of such facility (computed
3 without regard to this section) as is properly adjust-
4 able to such construction, reconstruction, erection, in-
5 stallation, or acquisition after the date of the enactment
6 of this section as the Board has certified as necessary
7 to enable the eligible business enterprise—

8 “(A) in the case of an eligible business enter-
9 prise described in subsection (d) (3) (A), to
10 develop new or different lines of production, or to
11 renovate its productive facilities, or

12 “(B) in the case of an eligible business enter-
13 prise described in subsection (d) (3) (B), to de-
14 velop a more balanced economy in an eligible com-
15 munity,

16 and only such portion of such amount as the Board has
17 certified as attributable to the need of the eligible busi-
18 ness enterprise to develop new or different lines of pro-
19 duction, or to renovate its productive facilities, or to
20 develop a more balanced economy in an eligible com-
21 munity, as the case may be, because of the national
22 trade policy of the United States. Such certification
23 shall be under such regulations as may be prescribed
24 from time to time by the Board. An application for a

1 certificate must be filed at such time and in such manner
2 as may be prescribed by the Board under such regula-
3 tions but in no event shall such certificate have any
4 effect unless an application therefor is filed before the
5 expiration of six months after the beginning of such con-
6 struction, reconstruction, erection, or installation, or the
7 date of such acquisition.

8 “(2) SEPARATE FACILITIES; SPECIAL RULE.—

9 After the completion or acquisition of any conversion
10 facility with respect to which a certificate under para-
11 graph (1) has been made, any expenditure (attribu-
12 table to such facility and to the period after such com-
13 pletion or acquisition) which does not represent con-
14 struction, reconstruction, erection, installation, or acqui-
15 sition included in such certificate, but with respect to
16 which a separate certificate is made, shall not be ap-
17 plied in adjustment of the basis of such facility, but a
18 separate basis shall be computed therefor pursuant to
19 paragraph (1), as if it were a new and separate con-
20 version facility.

21 “(3) LIMITATION.—A certificate shall not be is-
22 sued with respect to any conversion facility—

23 “(A) of an eligible business enterprise de-
24 scribed in subparagraph (A) of subsection (d)

1 (3) unless the certificate referred to in such sub-
2 paragraph is in effect on the date on which appli-
3 cation therefor is filed, or

4 “(B) of an eligible business enterprise de-
5 scribed in subparagraph (B) of subsection (d)

6 (3) unless the certificate referred to in such sub-
7 paragraph is in effect on the date on which appli-
8 cation therefor is filed.

9 “(f) DEPRECIATION DEDUCTION.—If the adjusted
10 basis of the conversion facility (computed without regard
11 to subsection (e)) exceeds the adjusted basis computed
12 under subsection (e), the depreciation deduction provided
13 by section 167 shall, despite the provisions of subsection (a)
14 (2) of this section, be allowed with respect to such con-
15 version facility as if the adjusted basis for the purpose of
16 such deduction were an amount equal to the amount of such
17 excess.

18 “(g) LIFE TENANT AND REMAINDERMAN.—In the
19 case of property held by one person for life with remainder
20 to another person, the amortization deduction provided in
21 subsection (a) shall be computed as if the life tenant were
22 the absolute owner of the property and shall be allowed to
23 the life tenant.

1 “(h) CROSS REFERENCE.—

“For special rule with respect to gain derived from the sale or exchange of property, the adjusted basis of which is determined with regard to this section, see section 1238.”

2 (2) The table of sections for such part is amended
3 by adding at the end thereof

 “Sec. 178. Amortization of certain facilities of business enterprises adversely affected by national trade policy.”

4 (3) Section 1238 of the Internal Revenue Code of
5 1954 (relating to amortization in excess of deprecia-
6 tion) is amended by inserting after “section 168 (re-
7 lating to amortization deduction of emergency facili-
8 ties)” the following: “or section 178 (relating to
9 amortization deduction of certain facilities of business
10 enterprises adversely affected by national trade policy) ”.

11 “(c) The amendments made by this section shall apply
12 only to taxable years ending after the date of the enactment
13 of this Act.”

 Amend the title so as to read: “An Act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, to provide assistance to communities, industries, business enterprises, and individuals to facilitate adjustments made necessary by the trade policy of the United States, and for other purposes.”

AMENDMENTS

Intended to be proposed by Mr. KENNEDY (for himself, Mr. HUMPHREY, Mr. DOUGLAS, Mr. JAVITS, and Mr. NEUBERGER) to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 10, 1958

Referred to the Committee on Finance and ordered
to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued July 16, 1958

For actions of July 15, 1958

85th-2d, No. 118

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

CONTENTS

Acreage allotments....	48,49	Legislative program.....	28	Research.....	17,37,46
Appropriations.....	9,26,32	Marketing facilities.....	34	School lunch.....	44
Area redevelopment.....	12	Meatpackers.....	2	Seeds.....	1
Atomic energy.....	50	Milk.....	51	Small business.....	11
Brucellosis.....	41	Monopolies.....	18,51	Subsidies.....	39
Civil defense.....	21,33,47	Nominations.....	23,50	Surplus commodities.....	30
Dairy cooperatives.....	19	Peanuts.....	49	Taxation.....	11
Economic situation.....	24	Personnel.....	8,27,38	Trade agreements.....	14,28
Education.....	4	Poultry.....	36	TVA.....	23
Electrification.....	25	Price supports.....	48,49	Water, pollution.....	7,31
Farm income.....	43	Public Law 480.....	30	resources.....	20,42
Farm program.....	15,48	Public works.....	10	Weather.....	46
Federal-State relations..	3	Reclamation.....	40	Wheat.....	48
Food.....	40				
Foreign aid.....	22,32				
Foreign currencies.....	29				
Foreign trade.....	29				
Forestry.....	13,16,35				
Fruits and vegetables...	34				
Industrial uses.....	17				
Information.....	52				
Labor standards.....	45				
Lands.....	5,6				

HIGHLIGHTS: Senate committee reported trade agreements extension bill. Sen. Johnson announced delay in debate on farm bill. House committee reported bill to amend Federal Seed Act. Both Houses received President's message for study of Fed.-pay systems. House subcommittee tentatively agreed to amendments to Packers-Stockyards bill.

HOUSE

- 1. SEED MARKETING.** The Agriculture Committee reported without amendment S. 1939, to make various amendments to the Federal Seed Act regarding labeling requirements (H. Rept. 2160). p. 12649
- 2. MEATPACKERS.** The "Daily Digest" states that the Livestock and Feed Grains Subcommittee of the Agriculture Committee "met in executive session and tentatively agreed on certain amendments to H. R. 9020, the packers and stockyards bill." p. D681
- 3. FEDERAL-STATE RELATIONS.** Began debate on H. R. 3, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws. pp. 12607-627
- 4. EDUCATION.** The Education and Labor Committee reported without amendment H. R. 13247, to strengthen the national defense and to encourage and assist in the expansion and improvement of educational programs to meet critical needs (H. Rept. 2157). p. 12649

5. DESERT-LAND ENTRIES. A subcommittee of the Interior and Insular Affairs Committee ordered reported with amendment S. 359, to permit desert-land entries on disconnected tracts of lands which, in the case of any 1 entryman, form a compact unit and do not exceed in the aggregate 320 acres. p. D682
6. PUBLIC LANDS. A subcommittee of the Interior and Insular Affairs Committee ordered reported S. 3569, to authorize the Secretary of the Interior to exchange Federal lands for certain lands owned by Utah. p. D682
7. WATER POLLUTION. A subcommittee of the Public Works Committee ordered reported with amendment H. R. 11714, to amend the Federal Water Pollution Act so as to increase the limitation on certain grants for construction from \$250,000 to \$500,000. p. D682
8. PERSONNEL. A subcommittee of the Post Office and Civil Service Committee ordered reported H. R. 1168, to clarify the application of Sec. 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain employees in cases involving downgrading actions. p. D682
Both Houses received from the President a message recommending establishment of a Joint Commission on the Civilian Employee Compensation Policy of the Federal Government to study all compensation systems in the three branches of the Federal Government and to report thereon before Jan. 1, 1960. pp. 12562, 12600-01
9. APPROPRIATIONS. Conferees were appointed on H. R. 12858, the public works appropriations bill for 1959. Senate conferees have not yet been appointed. pp. 12601-02
10. PUBLIC WORKS. The Judiciary Committee tabled H. R. 9374, to require bonds for certain public works construction contracts. p. D682
11. SMALL BUSINESS. The Ways and Means Committee ordered reported H. R. 13382, the proposed Small Business Tax Revision Act of 1959. p. D683
12. AREA REDEVELOPMENT. Rep. Van Zandt urged that a rule be requested and granted immediately on S. 3683, the area redevelopment bill, so that the legislation may be considered during this session of Congress. p. 12702
13. FORESTRY. Received from the Comptroller General a report on the review of activities of region 6 of the Forest Service. p. 12649

SENATE

14. TRADE AGREEMENTS. The Finance Committee reported with amendments H. R. 12591, to amend and extend the Reciprocal Trade Agreements Act (S. Rept. 1838). pp. 12533-5

Sen. Douglas read a list of the 48 industries which have applied for escape clause investigation in the last 10 years, concluded that "the list indicates that the reciprocal-trade program has not done much damage to American industry," and inserted a statement by the American Ass'n of Hardwood Plywood Users. pp. 12538-9

On July 10, Sen. Kennedy submitted (for himself and Sens. Humphrey, Douglas, Javits, and Neuberger) an amendment to H. R. 12591, to extend the Trade Agreements Act. The amendment would add a Title II, to establish a Trade Adjustment Board which would aid communities, industries, enterprises and individuals in

adjusting their productive activity to the conditions created by our national trade policy. The Board could authorize loans, extension of unemployment compensation benefits, employee training, or special tax amortization privileges.

15. FARM PROGRAM. Sens. Johnson and Ellender discussed the scheduling and postponement of the farm bill, and Sen. Johnson indicated that while the bill might be taken up later this week he would not commit himself to this schedule. p. 12532
Sen. Sparkman submitted and discussed two amendments to the Senate farm bill (S. 4071) proposed by himself and Sen. Hill. The amendments would allow in-county leasing of acreage allotments for periods up to 5 years, and exclude the 40 percent surplus production under choice B from consideration when determining the level of price support. p. 12537
At the request of Sen. Bible, passed over S. 4071, the Senate farm bill, during the call of the calendar. p. 12546
16. FORESTRY. Passed with amendment S. 3587, to authorize a study by the Interior Department on establishing a national park in the Wheeler Peak-Helman Caves area, Nev. Adopted an amendment (which, Sen. Bible said, was suggested by this Department) to authorize the Secretary of Agriculture to investigate and report on the suitability of the area for multiple-use management and the impact of national park establishment on existing national forest lands and forest resource users. p. 12547
17. RESEARCH. At the request of Sen. Hruska, passed over S. 4100, to provide for research on industrial use of agricultural products. p. 12548
18. MONOPOLIES. Passed as reported S. 721, to expedite the enforcement of Clayton Act cease and desist orders. pp. 12551-2
19. DAIRY COOPERATIVES. Passed as reported S. 2444, to authorize milk and milk products producers' cooperatives to bargain with purchasers singly or in groups. Sen. Aiken said the Committee amendment limited the scope of the bill to milk and milk products because of the milk marketing agreement program, and added a provision excluding resale price agreements from the scope of the act to satisfy Justice Department questions. pp. 12552-3
20. WATER DEVELOPMENT. Passed without amendment S. 3987, granting the consent of Congress to the Tennessee-Tombigbee Waterway Development Compact. pp. 12554-5
21. CIVIL DEFENSE. At the request of Sen. Hruska, passed over H. R. 7576, to amend the Federal Civil Defense Act of 1950 so as to permit the expansion of the civil-defense activity of the Federal Government to assume more responsibility for the national program. p. 12556
22. FOREIGN AID. At the request of Sen. Hruska, passed over S. Res. 204, urging the establishment of an International Development Ass'n. p. 12556
23. NOMINATIONS. Confirmed the nominations of Frank James Welch and Arnold R. Jones to be members of the Board of Directors of TVA. p. 12557
Sen. Kefauver announced that his doubts as to the qualifications of Mr. Jones had been satisfied by the impression Mr. Jones had created during his interim appointment to the TVA Board. pp. 12593-4

24. ECONOMIC SITUATION. Sen. Bennett discussed monetary policy and inflation in light of the recent hearings of the Senate Finance Committee on the financial condition of the U. S. He discussed the role of the Federal Reserve Board and changes in interest rates and their effect on recent economic changes. Sens. Martin and Bridges commended the speech. pp. 12557-61
25. ELECTRIFICATION. Passed with amendment H. R. 13121, authorizations for appropriations for AEC projects for 1959 (replacing the text with the amended text of S. 4051). Senate conferees were appointed. House conferees have not been appointed. pp. 12561, 12564-74, 12582-93
26. APPROPRIATIONS. Passed with amendments H. R. 13066, the legislative appropriation bill for 1959. Senate conferees were appointed. House conferees have not been appointed. p. 12593-, 12595-8
27. PERSONNEL ETHICS. Sens. Bush and Javits urged a thorough study on a code of ethics for Government employees and stated that adoption of H. Con. Res. 175, to establish such a code, should not be the end of Senate action on this subject. p. 12540, 12544.
28. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the Senate would meet late each night and on Saturday if necessary, to complete consideration of H. R. 12591, the trade agreements extension bill, which was made the Senate's pending business. p. 12598

ITEMS IN APPENDIX

29. FOREIGN TRADE. Sen. Johnson inserted a memorandum prepared by former Rep. Lewis W. Douglas setting forth the effect of American trade policies on the stability of the international structure of exchange rates of foreign currencies in relation to the dollar. pp. A6315-16
Sen. Thurmond inserted a newspaper editorial commending the action of the Senate Finance Committee "in amending the escape clause provisions of the Trade Agreements Act." p. A6341
30. SURPLUS COMMODITIES. Rep. Beamer inserted a newspaper editorial, "Surplus Crop Disposal in Trouble," favoring enactment of legislation for the extension of Public Law 480. p. A6321
31. WATER POLLUTION. Rep. Reuss inserted an address by the mayor of Milwaukee discussing the problems of water pollution and waste disposal. pp. A6322-23
32. APPROPRIATIONS. Rep. Beamer inserted a newspaper editorial favoring reductions in appropriations for the foreign aid program. pp. A6323-24
33. CIVIL DEFENSE. Rep. McDonough inserted an address by Leo A. Hoegh, Director of Defense and Civilian Mobilization, "Summary of the Proposed National Civil Defense Plan." pp. A6326-28
34. FRUITS AND VEGETABLES. Rep. Anfuso inserted a magazine article, "Shocking Facts About Fruits and Vegetables You Eat," discussing unsanitary conditions in the markets of several major cities; and he urged enactment of H. R. 4504, to provide Federal aid in the development of marketing facilities. pp. A6328-31
35. FORESTRY. Sens. Murray and Neuberger inserted several articles discussing the need for legislation to preserve the timber lands of the Klamath Indians. pp. A6333-34, A6337-38, A6341

TRADE AGREEMENTS EXTENSION ACT OF 1958

JULY 15, 1958.—Ordered to be printed

Mr. BYRD, from the Committee on Finance, submitted the following

REPORT

together with

INDIVIDUAL AND MINORITY VIEWS

[To accompany H. R. 12591]

The Committee on Finance, to whom was referred the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

AMENDMENTS

The Senate Finance Committee amended the House bill as follows:

1. The authority to reduce tariffs in trade agreements was extended for a period of 3 years, until June 30, 1961. The House bill would have extended such authority for a period of 5 years, until June 30, 1963.

2. Authority is granted to the President to reduce duties a total of 15 percent below present levels at the rate of 5 percent per year on the same basis as existed under the 1955 act. In other words the amount of decrease becoming initially effective at one time must not exceed 5 percent of the rate existing on July 1, 1958. Also, no part of any decrease in duty under this alternative shall become initially effective after the expiration of the 3-year period which begins on July 1, 1958.

3. The House-passed provisions relating to escape clause procedure under which Presidential disapproval of the Tariff Commission recommendation would be overridden by the adoption of a congressional concurrent resolution by a two-thirds vote of both Houses were deleted. In place of these provisions the Finance Committee inserted language providing that the Tariff Commission's recommendations would be-

come effective unless the President's disapproval of those recommendations was sustained by majority vote of each House of Congress. In case of a divided vote by the Tariff Commission as to injury, the affirmative findings would be considered the findings of the Commission. In any case where there existed a divided vote as to the remedy for the injury, the recommendation specified by the President in his report to Congress as providing the greatest measure of relief would be considered as the findings of the Commission.

4. The committee broadened the language of the House provisions relating to national security by providing that in the administration of those provisions the President must take into consideration the effect on the national security of a weakening of the general economy by excessive imports of competitive products. It also provided, in national security cases, that unless the President determines the article in question is not being imported into the United States in such quantities as to threaten the national security he shall take steps to adjust the imports of the article and its derivatives.

5. The Finance Committee added to the bill an amendment to establish a nine-member bipartisan commission to investigate and report on the international trade agreement policy of the United States and to recommend improvements in policies, measures, practices, and administration. An interim report is to be filed on or before June 30, 1959, and a final report, including recommendations, must be presented to the President and the Congress on or before June 30, 1960. The Commission is to be composed of 3 members appointed by the President, none of whom may be members of the executive branch; 3 from the Senate Committee on Finance, appointed by the Vice President; and 3 from the House Ways and Means Committee, appointed by the Speaker of the House. No more than two in each group are to be from the same political party.

GENERAL STATEMENT

In extending the President's authority to enter into new trade agreements and in those agreements to further reduce the tariff level of the United States, the Finance Committee held full hearings and had the benefit of a large number of statements submitted for the record. Considerable evidence has been presented that the protection afforded domestic industries by way of tariffs is at an unprecedented low point and extreme caution must be exercised in future negotiations to mitigate possible injury to the domestic economy. However, the committee adopted strengthening provisions relating to both peril point and escape clause action and voted to extend the authority of the President to make further tariff reductions by any one of three alternative methods, with the firm conviction that such extension at the present time is in the national interest.

The negotiating of new agreements or providing additional concessions in existing agreements by the President can be conducted on exactly the same basis as was granted in the 1955 extension of the act. In fact, some additional tariff cutting authority was granted that was not granted in the last extension, namely, the alternative of reducing existing duties by 2 percentage points. This provision was in the House bill and was retained by the Finance Committee. The President will thereby have even greater authority to reduce tariffs than was granted him by the last extension and no new restrictions have

been placed on his use of that authority. The House-passed bill included a modification of the peril-point provision which, although it extended the time for peril-point studies from 120 days to 6 months is not expected to handicap negotiators in any way.

The bill as reported also provides new authority for the President never before granted in any prior extension by permitting him to take items from the free list and assess a duty of up to 50 percent when serious injury was found as a result of escape clause action.

Under the present law any article on the free list which had been bound there as a concession in a trade agreement, while it has the protection of the escape clause, cannot be made dutiable. Present escape clause protection provides the President with only two alternatives: (1) To remove the concession (paving the way for possible legislative action) or (2) the application of a quota. The provision in the bill as reported permitting the President to assess a duty in such cases is intended to provide faster action in cases where serious injury is occurring, or to provide a means of action other than the application of a quota. It is the sense of the committee that escape-clause action should be available in all cases whether the items in question are on the free list or are dutiable, regardless of the reason or purpose for the establishment of the presently existing tariff treatment.

In reporting legislation delegating to the President all of the new tariff authority it was deemed wise to extend at this time, the Finance Committee took a careful look at our dwindling bargaining power in relation to foreign-trade restrictions on products exported from the United States.

The committee views with concern the large number of new trade barriers constantly arising in countries with which the United States has friendly trade relations. Sharp increases in duty, the imposition of license or quota controls, exchange controls including multiple categories and differential rates, purchase arrangements that discriminate against the United States, special taxes, fees or charges added to duties, and many others are being noted. These new trade restrictions are developing notwithstanding all of the constructive work done under the trade agreements program. The extensive foreign aid, in fact all the economic and financial assistance made available by the United States to foreign countries since World War II has helped to improve their economies and trade and generally has contributed to advances in human standards of living. All of this combined seems not to have succeeded in materially retarding the trend abroad toward restrictions on dollar imports.

The committee believes that the time has come when a more coordinated economic policy regarding foreign trade should be established and that special attention should be given the prevention of new trade barriers and increased restrictions against United States exports. New economic development projects abroad that are likely to require special protection and import controls which in turn result in higher prices to foreign consumers depending even in small part on economic assistance, should be carefully examined before such financial or other assistance is authorized. Likewise, countries with a record in regard in regard to trade policy matters, especially as regarding the open market purchase of dollar goods, which shows incompatibility with the stated intent of the trade agreement program observed so meticulously

by this country should not object to a careful examination of policy before participating in further United States programs.

The United States is in a unique position to help discourage many new trade restrictions from being imposed—one of the sound reasons why the Finance Committee urges continued participation in the presently existing trade program for an additional 3 years. Not only is it the greatest market in the world for more products from more countries, but it is a dollar earning market, which dollars are generally in great demand. The Congress has adopted legislation authorizing very substantial sums for various foreign programs as well as for the disposition of surplus agricultural commodities under extremely favorable conditions for purchasers.

It is to be hoped that administrative agencies will be able to effect a more coordinated economic policy regarding international trade and to make some progress toward the mitigating of trade restrictions abroad. The committee did not feel that a 5-year extension and authority to reduce tariffs by 25 percent would be the kind of incentive, or sufficient incentive, to accomplish this purpose, inasmuch as past United States tariff reductions of much more substantial proportions have failed to stem the tide of foreign restrictions and discriminations.

It was this problem, among a number of others, which moved the committee to amend the House bill to provide for a thorough study, by a special Commission, of the whole trade agreement program. What we have given by way of concessions, balanced against what we have actually received; what we have left to give, balanced against what we might possibly receive; what real effect has the trade agreement program had on our relations with the rest of the world and what may we expect its effect to be in the future? These questions and the nebulous theories expounded by proponents and opponents of the program as to its general effect need to be crystallized and coordinated, and so the committee has asked that the Congress be fully and accurately informed before time for the next extension arrives. It is intended that the proposed Commission on International Trade Agreement Policy will in a simple and accurate manner answer some of these complex questions.

It is anticipated that the Commission will give close attention to the operation of the escape clause and to the best methods of administering and implementing it.

In this connection, the Finance Committee amended the House bill to provide that the President, if he chooses to overrule the findings of the Tariff Commission, must obtain the support of a majority of the Congress within 90 days. The House bill provided that if the President did not choose to follow the recommendations of the Tariff Commission, the industry claiming the injury would have 60 days in which to persuade two-thirds of the Congress to disagree with the President. The committee recognized the difficulty and improbability of any industry, large or small, being able to obtain a two-thirds majority of Congress to oppose or overrule the President. It therefore, modified the bill. The committee did, however, agree that Congress might well be the adjudicator when the President differs with the Tariff Commission, especially since the original constitutional responsibility and jurisdiction is vested in the Congress. That theory in the House bill was accepted, but the committee amendment provides that Congress may successfully participate by a simple, rather than a two-thirds, majority.

When the President, in the national interest, for reasons of international diplomacy or for any other reason does not choose to remedy an injury found by the Tariff Commission to exist, he should not be required to obtain the support of more than a majority of the Congress, even though he may be operating from a most advantageous position—a position far more likely to provide success than would that of a lone industry lacking the entree or machinery for such an undertaking.

In its administration of the escape clause, the Tariff Commission has sometimes divided as to whether there is injury or as to what the remedy should be when injury is found. The Extension Act of 1953 provided that the President may choose in such a case as follows:

(d) EFFECT OF DIVIDED VOTE IN CERTAIN CASES.—

(1) Whenever, in any case calling for findings of the Commission in connection with any authority conferred upon the President by law to make changes in import restrictions, a majority of the commissioners voting are unable to agree upon findings or recommendations, the findings (and recommendations, if any) unanimously agreed upon by one-half of the number of commissioners voting may be considered by the President as the findings and recommendations of the Commission: *Provided*, That if the commissioners voting are divided into two equal groups each of which is unanimously agreed upon findings (and recommendations, if any) the findings (and recommendations, if any) of either group may be considered by the President as the findings (and recommendations, if any) of the Commission. In any case of a divided vote referred to in this paragraph the Commission shall transmit to the President the findings (and recommendations, if any) of each group within the Commission with respect to the matter in question.

H. R. 12591, as passed by the House made no reference to this question of divided votes, but did include a provision involving congressional participation when the President disagreed with the Tariff Commission. Presumably, in the case of a divided vote Congress could be precluded from such participation.

Inasmuch as the philosophy of affording to the Congress a procedure under which to act with respect to Tariff Commission recommendations could well extend to divided vote cases, the Finance Committee added clarifying amendments. A provision was included to the effect that in any case calling for the application of the divided vote provisions of section 330 of the Tariff Act of 1930, the findings and recommendations of the Commission for the purposes of congressional action, shall be the findings and recommendations of that group within the Commission which calls for the greatest measure of relief. The President is authorized to consider those findings and recommendations as the findings and recommendations of the Commission, and is required to specify in his report to the Congress which findings and recommendations afford the greatest measure of relief.

The Finance Committee accepted the section of the House bill relating to the national security, but amended it for the express purpose of strengthening and increasing its effectiveness. As was the purpose when the national security section was added in the 1955 extension of the act, the amendments are designed to give the President

unquestioned authority to limit imports which threaten to impair defense-essential industries. Section 8 of the bill as reported grants to the President a potentially fast-moving vehicle for guarding our national security in this respect.

The bill as reported provides that imports of an article, or its derivatives, must be adjusted unless the President finds that they are not entering in such volume as to threaten the national security, after the Director of the Office of Defense Mobilization has indicated such a threat exists. Language was further added directing attention and providing possible action whenever danger to our national security results from a weakening of segments of the economy through injury to any industry, whether vital to the direct defense or a part of the economy providing employment and sustenance to individuals or localities. The authority of the President is thereby broadened considerably, but the dangers inherent in an economy suffering from unemployment, declining Government revenue, or loss of skills, and investment because of excessive imports of one or more commodities, must be recognized and avenues provided whereby they may be lessened.

SECTION-BY-SECTION EXPLANATION OF THE REPORTED BILL

First section. Short title

This section states that the bill may be cited as the Trade Agreements Extension Act of 1958.

Section 2. Renewal of authority

The period during which the President is authorized to enter into trade agreements with other countries is extended for 3 years, until the close of June 30, 1961.

Section 3 (a) (1). Authority to increase rates

This provision, by changing the base date for computing permissible increases in duty from January 1, 1945, to July 1, 1934, permits the President to increase certain duties more than is permitted under the present law.

Section 3 (a) (2). Agreements to which the 1955 authority may be applicable

The reduction authority under the Trade Agreements Extension Act of 1955 is retained, just as that act retained the authority under the 1945 legislation. The operation of this authority is limited, by the bill as reported, to agreements entered into before July 1, 1958, and although this date has expired this amendment is necessary to provide a termination date for the 1955 authority.

Section 3 (a) (3). Valuation for ad valorem equivalents

This permits the use of the valuation provisions added by the recent Customs Simplification Act of 1956 or the earlier valuation provisions of the Tariff Act, whichever are applicable in determining ad valorem equivalents of specific duties. Some of the tariff duties are specific in nature, i. e., so many cents or dollars per pound, ton, gallon, or other specific measure. Others may be compound—i. e., a combination of specific and ad valorem duties. For trade agreement purposes

the President's authority may be measured in equivalent ad valorem percentages.

Section 3 (a) (4). Cross reference to new limits on reduction authority

The new overall limitation on the President's authority to reduce duties is summarized in section 3 (a) (8). A cross reference to this limitation is essential to the proper amending of the existing Trade Agreement Act.

Section 3 (a) (5). Effective dates of proclamations modifying existing rates of duty

Under existing law the President's authority to proclaim the effective date of duty changes is subject to staging provisions which limit the proportion of the authorized duty reduction that can be put into effect at one time. This adds a necessary cross reference to the new staging provisions.

Section 3 (a) (6). Authority to round out tariff reductions

The authority to round out new reductions in the extension of 1955 are continued. This rounding out tends to prevent complicated and minute fractions from encumbering the tariff structure.

Section 3 (a) (7). Renumbering of certain paragraphs

This is a technical change which merely renumbers certain new paragraphs.

Section 3 (a) (8). The authority to reduce tariffs and new staging provisions

(A) The President is authorized to reduce duties in carrying out trade agreements entered into on or after July 1, 1958, and before July 1, 1961:

(i) Fifteen percent below the rate existing on July 1, 1958.

(ii) Two percentage points below the rate existing on July 1, 1958; but no duty may be removed completely.

(iii) Any rate above the equivalent of 50 percent ad valorem down to an equivalent of 50 percent.

Although alternatives (ii) and (iii) are stated in terms of ad valorem rates, they would also apply to articles subject to specific rates or compound rates translated to equivalent ad valorem.

(B) New staging provisions: The maximum amount of reduction which may be put into effect in any one stage under each of the above alternatives is as follows:

Under (i): The decrease must not be made in more than 3 annual stages and no amount of decrease at 1 time shall exceed 5 percent.

Under (ii): The decrease shall become effective in not more than 3 annual stages and no amount becoming initially effective at 1 time shall exceed 1 percent, or one-third, whichever is greater. Parts of the 15 percent authority under the 1955 act not put into effect during the life of the extension could not accumulate and be used later. This provision in the prior act has been continued by the committee amendment as relating to alternative (i). In other words the committee bill would prevent the use of the 15 percent authority or any part of it after the 3-year period ending June 30, 1961. The House bill would have allowed a carryover so that certain reductions could take effect after the expiration of extension of

authority. The Finance Committee did not require that reductions under (ii) and (iii) be put into effect before the end of the extension, accepting these provisions as written in the House bill.

Section 3 (b). Authority for Cuban negotiations

This amendment, in conformity with long-established practice, makes the new limits of authority summarized above specifically applicable to products of Cuba, a country accorded preferential rates. It would continue the present limited authorization to establish for Cuban products lower rates to the extent necessary to maintain existing margins of preference.

Section 3 (c). Definitions of duties "existing on" specified dates

This is a technical amendment which extends the present definition of the phrases "existing on January 1, 1945" and "existing on January 1, 1955" to cover similar phrases for the new base dates for computing increases and decreases.

Section 3 (d). Annual reports by the President on the operation of the trade agreements program

This amendment adds to the specific enumeration of matters to be included in the President's annual report to the Congress on the operation of the trade agreements program.

Section 3 (e). Information and advice from industry, agriculture, and labor

This amendment declares it to be the sense of the Congress that the President, during the negotiation of trade agreements, should seek information and advice from representatives of industry, agriculture, and labor.

Section 4 (a). Extension of time for peril-point investigations

The period for the conduct of peril-point investigations by the United States Tariff Commission is extended from the present 120 days to 6 months. Peril-point studies are made prior to negotiations for new trade agreements and provide the President with factual information and recommendations as to the lowest point duties on particular products can be reduced without causing or threatening injury to the industries producing them. The Tariff Commission may be called upon to make investigations of a large number of commodities at one time and a more complete study can be anticipated under the 6-month rule.

Section 4 (b). Escape-clause investigations if injury is found during peril-point investigations

A prompt initiation of an escape-clause investigation by the Tariff Commission is to follow if the Commission, during its peril-point studies, finds that an industry is threatened with injury by imports of a product which has before been the subject of a trade agreement. In the ordinary course of events, the industry in question would file an application for escape-clause relief; under the amendment the Commission would be required to institute an immediate investigation without waiting for a request from the Congress or the industry in any case where a peril-point study brought to light information indicating injury to an industry.

Section 5 (a). Employees may apply for escape-clause action

The term "any interested party" as included in the Trade Agreement Act would include any organization of, or group of, employees.

Section 5 (b). Decrease of time for escape-clause investigation (amending sec. 7 (a))

This amendment reduces the period for the conduct of escape-clause investigations by the Tariff Commission from 9 months after application for the investigation is made to 6 months after the application is made. Provision is made that this amendment shall apply only to applications made after enactment of this act.

Section 5 (c). Authority to impose duties on free-list articles under escape clause (amending sec. 7 by adding new sec. 7(f))

This amendment authorizes the President, notwithstanding the prohibitions in section 350 (a) (2) of the Tariff Act of 1930 relating to transfer of an article between the dutiable and free lists, to impose, in an escape-clause action only, a duty not in excess of 50 percent ad valorem on any article otherwise free of duty.

Section 6. Methods of putting into effect recommendations of the Tariff Commission in escape-clause cases

The action found and reported by the Tariff Commission in escape-clause cases to be necessary to prevent or remedy serious injury shall take effect—

(1) if approved by the President, or

(2) unless disagreed to by the President and this Presidential action is sustained by privileged concurrent resolution within 90 days by a majority of each House of Congress. In effect, the Senate and House of Representatives must approve the recommendations made by the President, in which event the President shall proclaim the recommendations so approved. The adoption of the concurrent resolution must occur within the 90-day period following the date on which the President submits his report to the Committee on Ways and Means and to the Committee on Finance stating why he has not taken the action found and reported by the Tariff Commission as necessary to prevent or remedy serious injury.

If the President submits his report to the Congress when the Congress is not in session, or less than 90 days before the adjournment of the Congress sine die, and no action is taken by the Congress prior to adjournment, then the adjustments in the rate or rates, quotas, or other modifications specified in the recommendations of the Commission will not go into effect until 90 days after the Congress has reconvened and has not acted to support the President's recommendations.

Section 7. Rules of Senate and House with respect to certain concurrent resolutions under section 6

A set of rules is provided for the consideration of concurrent resolutions referred to in section 6 of the bill. The rules have the underlying purpose of permitting those in favor of such a resolution to get a vote on the merits within the 90-day period without parliamentary technicalities or filibusters.

Subsection (a) expressly provides that these rules set forth in the bill are adopted in pursuance of the power of each House to make its own rules, that they apply only to concurrent resolutions which follow the precise form provided in subsection (b), that these rules are to be considered as a part of the rules of each House and supersede other rules only to the extent that such other rules are inconsistent with the rules stated in the bill. Further, the subsection expressly recognizes the constitutional right of either House at any time to change the rules set forth in the bill.

Subsection (b) contains the definition of "resolution" for the purposes of the rules. Since the rules have as one of their objectives the elimination of the necessity for a conference between the two Houses and, as another, the elimination of debate upon amendments, the exact form of the resolution to which such rules apply is set forth, with provision for appropriate changes to include divided vote cases. The resolution can specify only one investigation. A resolution departing from this form does not have the benefit of such rules, but if adopted within the 90-day period is just as effective under section 6 of the bill as one which follows the form.

Subsection (c) provides for reference of the resolution to the Committee on Finance or to the Committee on Ways and Means, as the case may be.

Subsection (d) provides a procedure for discharge of the committee. If the committee fails to report a resolution within 10 days after introduction (or receipt from the other House) a motion may be made to discharge the committee. The motion may relate to any resolution in the committee if the 10-day period has expired on one which is in the committee.

Such a motion may be made only by a person favoring the resolution. It is highly privileged. Debate on the motion to discharge is limited to 1 hour, to be equally divided. The motion cannot be amended, and no motion to reconsider will lie. If the motion to discharge is agreed to, or disagreed to, it cannot be renewed nor may a motion be made to discharge the committee from consideration of any other resolution relating to the same investigation which is in the committee. Failure of the motion to discharge does not prohibit the committee from reporting a resolution thereafter and has no effect on the status of a resolution not following the prescribed form.

Subsection (e) provides for the consideration of the resolution. If the committee has reported or been discharged from consideration of a resolution relating to an investigation, it is in order, at any time, for any member to move to proceed to the consideration of the resolution. That motion may be made at any time and even if a previous similar motion has been lost. The motion to consider is highly privileged, is not debatable, and may not be amended, and no motion to reconsider will lie. Debate on the resolution is limited to not to exceed 10 hours, equally divided. A motion to limit debate is not debatable, and a motion to extend debate will not lie. No amendment to the resolution, or motion to recommit it, is in order and no motion to reconsider the resolution will lie.

Subsection (f) provides for decision without debate on all motions to postpone with respect to a resolution and on motions to proceed to other business. It also provides that appeals from decisions of the

Chair under these rules and the other rules of the body shall, insofar as they relate to such resolutions, be decided without debate.

Subsection (g) provides for the case where a resolution is received from the other House. Thus, assume the case where the Senate receives from the House a resolution prior to the adoption of a Senate resolution relating to the same investigation: If no Senate resolution has been referred to committee, only the House resolution may be made the subject of a motion to discharge. If a Senate resolution has been referred to committee, any Senate resolution may be made the subject of a motion to discharge, or may be reported, just as if no House resolution had been received. On any vote on final passage, however, the House resolution is substituted for the Senate resolution.

Section 8. The prevention of threats to national security

This provision contains several modifications of, and additions to, the provision in the Trade Agreement Act relating to national security. Under it, no action shall be taken to decrease the duty on an article if the President finds such reduction would threaten to impair the national security. This strengthens the existing law which requires that no action be taken which would threaten domestic production needed for projected national defense requirements.

A number of modifications are made in the provision enacted in 1955 which provides that the President must take action to prevent imports from impairing the national security, following advice from the Director of the Office of Defense Mobilization that there is reason to believe that the national security is being threatened by imports. The committee amended the House bill to provide that when the Director has advised the President that he is of the opinion that the said article is being imported in such quantities or under such circumstances as to threaten to impair the national security, the President shall take the needed action unless he finds that the imports of the article are not being imported in quantities which threaten the national security. The House bill was thereby strengthened in this respect.

Under the bill as reported the Director is required to institute an investigation upon the request of an interested party or upon his own motion. It is specified that in such an investigation he shall seek information and advice from other departments and agencies. If in his opinion, the national security is being impaired as set forth in this section, he shall promptly so advise the President and the President must take action unless he finds that the national security is not being so impaired. A new provision eliminates the requirement in existing law that the President cause an investigation to be made following his receipt of the advice of the Director.

The amended provision specifies certain matters, without excluding others, to which the Director and the President shall give consideration, including domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense. Also to be considered are the requirements of growth of industries and related supplies and services, including the investment, exploration, and development necessary to assure such growth, and the importation of goods in terms of their quantities, availabilities, character, and use as those

factors affect domestic industries and their capacities to supply national security requirements.

In order to further strengthen the section, the Finance Committee added language so that adjustments in imports which may threaten the security must be made in the derivatives of raw materials or products as well as in the materials or products themselves. The need for such additional language is obvious, for a limitation of the materials alone would serve only to spur the importation of the finished or semi-finished products which are, in the final analysis, the very items most essential to the defense of the country.

Another important strengthening amendment was added to the bill by the Finance Committee. This amendment would direct the President, in the administration of the national security amendment, to recognize that the country's national security is tied closely to its internal economic welfare. The President is to take into consideration the impact of foreign competition on the economic welfare of individual domestic industries and give attention to unemployment, loss of skills, decreases in revenue to the Government, State and Federal and to other serious effects resulting from the displacement of domestic products by excessive imports.

A great deal has been said about the large numbers of workers dependent on foreign trade but the committee was unable to uncover any information as to the overall displacement of workers as a result of imports of commodities that otherwise might have been produced domestically. This is one problem the Commission on International Trade Agreement Policy is to look into. In the meantime, there is convincing evidence that in certain areas, in segments of vulnerable industries, and across the Nation as a whole, excessive imports have caused unemployment and otherwise weakened the economy which is in itself a vital part of our national security. This amendment has as its aim the maintenance of a strong internal economy as an integral part of our national security.

A report by the Director on or before February 1, 1959, regarding the administration of the national security provision is required and in the preparation of such report, an analysis is to be made of the nature of projected national defense requirements, the character of possible emergencies, the manner in which the capacity of the economy can be judged, along with other related matter.

It is specifically stated that the new amendment is not to affect actions or determinations made before the enactment of the present amendment.

Section 9 (a) and (b). Extension of subpoena powers of the Tariff Commission (amending sec. 333)

The Tariff Act of 1930 is amended to provide that the existing powers of the Tariff Commission to obtain information by subpoena and related powers shall apply to any investigation by the Commission authorized by law, and to expand such powers to include the obtaining of information in writing. This will assist the Commission in obtaining replies to questionnaires in escape-clause and other investigations.

Section 9 (c). Authority of Tariff Commission to adopt procedures, rules, and regulations (amending secs. 336 and 337 and adding new sec. 335)

This amendment deletes from the provisions of the Tariff Act relating to cost-of-production investigations (sec. 336) and unfair competition investigations (sec. 337) specific provisions for the issuance of rules in such investigations. It adds to the Tariff Act of 1930 a new section (sec. 335) authorizing the Commission to adopt such reasonable procedures, rules, and regulations as it deems necessary to carry out its functions and duties.

Section 10. Enactment not approval or disapproval of General Agreement on Tariffs and Trade

Section 10 of the bill provides that the enactment of the bill (the Trade Agreements Extension Act of 1958) shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

Section 11. The creation of a bipartisan commission to study and report on past, present, and future trade agreement policy

So that the Congress may more fully be acquainted with the many facets of the intricate and complicated pattern of the operation and results of trade agreement policy, the Finance Committee added an amendment at the end of the bill setting up a commission to study and report on that principle. The self-explanatory language of that amendment is as follows:

SEC. 11. (a) There is hereby established a bipartisan commission to be known as the Commission on International Trade Agreement Policy.

(b) (1) The Commission shall be composed of nine members as follows:

(A) three appointed by the President of the United States none of whom shall be from the executive branch of the Government;

(B) three appointed from the Finance Committee of the Senate by the Vice President; and

(C) three appointed from the Committee on Ways and Means of the House of Representatives by the Speaker of the House of Representatives.

(2) No more than two members from each class shall be from the same political party.

(c) The Commission shall elect a chairman and vice chairman from among its members.

(d) Six members of the Commission (including at least four who are Members of Congress) shall constitute a quorum.

(e) (1) Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(2) The members from private life shall receive not to exceed \$75 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

(f) (1) The Commission may appoint such personnel as it deems advisable, without regard to the civil service laws, and shall fix the compensation of such personnel in accordance with the Classification Act of 1949, as amended. The Commission may procure temporary and intermittent services in accordance with section 15 of the Act of August 2, 1946 (5 U. S. C., sec. 55a), but at rates not to exceed \$75 per diem for individuals. The Commission may reimburse employees, experts, and consultants for travel, subsistence, and other necessary expenses incurred by them in the performance of their official duties and make reasonable advances to such persons for such purposes.

(2) Except for members of the Commission appointed by the Vice President or the Speaker of the House, service of an individual as a member of the Commission, employment of an individual pursuant to the first sentence of paragraph (1), and service by a person pursuant to the second sentence of paragraph (1), shall not be considered as service or employment bringing such person within the provisions of section 281, 283, or 284, of title 18 of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

(g) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this section.

(h) (1) On or before June 30, 1959, the Commission shall make a preliminary report of its findings to the President and to the Congress; and on or before June 30, 1960, the Commission shall make a final report of its findings and recommendations to the President and to the Congress.

(2) Ninety days after the submission to the Congress of the final report provided for in paragraph (1) the Commission shall cease to exist.

(i) (1) The Commission is directed to investigate and report on the international trade agreement policy of the United States and to recommend improvements in policies, measures, and practices.

(2) Without limiting the general scope of the investigation the Commission shall consider and report on the following matters:

(A) the number of labor hours lost by expanded imports through concessions granted in trade agreements, as balanced against the increased labor hours resulting from expansion of exports through concessions received from foreign countries;

(B) the effect of tariff reductions under past trade agreements on small and local industries;

(C) what industries may become vulnerable and what industries would not be vulnerable to decrease of employment and production if present trends of foreign competition continue;

(D) the possible effect of the exportability of American capital (whether direct or by private or governmental loans), equipment, and technical experience into other countries;

(E) the extent to which the products of such exported facilities have entered the American market or otherwise affected American production and employment;

(F) the extent to which the United States has used up its bargaining margin, including the extent to which tariff rates have been reduced and potential future reduction;

(G) the possibility of a reduced rate of exports due to more rapid inflation of the cost of labor, materials, and other elements of production in the United States than in foreign countries; and

(H) the desirability in special cases of employing quotas rather than tariff adjustments.

(j) (1) The Commission or, on the authorization of the Commission, any subcommittee or member thereof, shall have power to hold hearings and to sit and act at such times and places, within the United States or elsewhere, to take such testimony, and to make such lawful expenditures, as the Commission or such subcommittee or member may deem advisable.

(2) The Commission is authorized to request from any department, agency, or independent instrumentality of the Government any information it deems necessary to carry out its functions under this section; and each such department, agency, and instrumentality is authorized to furnish such information to the Commission, upon request made by the Chairman or by the Vice Chairman when acting as Chairman.

INDIVIDUAL VIEWS OF SENATOR PAUL H. DOUGLAS

If the bill reported out by this committee is enacted into law, it will mean the virtual abandonment of the reciprocal trade program which was started by Cordell Hull in 1934. Under that program, the United States and its foreign trade have prospered.

But signs of retreat from it began in 1948 when the Republican-controlled 80th Congress inserted the peril-point requirement into the renewal of the act. While this was eliminated in 1949, following the shift of political power in the elections of the previous year, it was restored in 1951 and the escape clause was also written into law as the political pendulum swung partially in the direction of the Republicans. In 1955, the Reciprocal Trade Act passed the House by a very narrow margin and Secretary of the Treasury Humphrey, even before a vote, agreed to a weakening of the bill in the Senate by the insertion of a national security clause and by a broadening of the escape clause.

Now it is again up for renewal.

During these last 5½ years, the Eisenhower administration—despite its professed belief in expanded international trade—has steadily packed the Tariff Commission with protectionists until it has become a citadel of that faith. This has naturally made the Commission popular with the advocates of protection. They therefore would greatly like to increase the powers of that body and to decrease those of the President.

During this same period, moreover, the economic drive for protective tariffs and quotas has gained ground. The spread of textile manufacturing into the South has transformed many hitherto low-tariff areas into protectionist strongholds. Similarly, the importation of low-cost Venezuelan oil has strengthened the protectionist forces within the oil- and coal-producing States. The rapidly growing and powerful chemical industry has also thrown its weight on the protectionist side while the recent fall in the prices of lead, zinc, and copper has inclined these industries and the States where these nonferrous minerals are mined in the same direction. The ranks of the protectionists have also been swollen by the addition of a number of miscellaneous industries. All this has increased the opposition to reciprocal trade both within the Democratic Party and the country itself.

The formation of the European Customs Union, better known as the Common Market, has, on the other hand, increased the need for further tariff bargaining by us in order to reduce the differential disadvantage which our exports to free continental Europe will suffer as the national tariffs of the member countries relative to each other are reduced and ultimately abolished, while their external tariffs relative to us are maintained at their present average.

It is to the credit of the administration that some within its ranks have realized the importance of this new factor and have sought to

renew the Reciprocal Trade Act on meaningful terms. It was obvious that it would be hard to continue the program in any real sense unless its sponsors showed real determination and a fighting spirit.

Unfortunately, however, the administration began to retreat before a shot was fired and partially surrendered before the battle was opened. Hitherto, the power of the President to increase duties under the escape clause and upon recommendation of the Tariff Commission had been limited to 50 percent above the 1945 level. Since these tariffs amounted on the average to about 13 percent, there was a possibility of tariffs being raised to an average of around 20 percent.

But the administration voluntarily proposed that the new maximum should be 50 percent above the tariff schedules in effect on June 30, 1934. The significance of that date lies in the fact that the Hull program of reciprocal trade had not then gone into effect and that we were instead operating under the Smoot-Hawley-Grundy Act of 1930. This was the highest tariff in American history with average rates of 52 percent.

To give administrative officers the power to raise duties 50 percent above these high levels created the possibility that the act could be turned into an instrument for restrictive rather than expanded trade.

But if the administration thought it would assuage the protectionists within and without its own ranks, it was sadly mistaken. So a further concession was made by the House Ways and Means Committee. This provided that goods which were bound on the free list could be taken from it and then loaded down with duties of up to 50 percent. Then to neutralize the opposition of the mining States, a 5-year subsidy amounting to over \$400 million (\$155 million the first year) on copper, lead, zinc, fluorspar, and tungsten was proposed and put through the Senate.

Thus, the new negotiation authority was granted only after additional protective measures were added to the bill. But the Senate Finance Committee bill has now all but ended the authority to negotiate and has also extended the protective features to ruinous proportions and virtually assures increases of tariffs to new alltime highs. This is no compromise at all between conflicting American high and low tariff interests, and if the bill is not significantly changed by action on the Senate floor or in conference committee, it should be defeated. It is worse than no bill at all.

HOW THE AUTHORITY TO NEGOTIATE IS DENIED

The Senate bill extends the act for only 3 years instead of 5 years. Even more important, it reduces the authority to negotiate. The House bill provides an authority to reduce tariffs by 25 percent to be used over a period of 5 years, with no more than 10 percent of that authority to go into effect in any one year, and with authority to carry over the unused portion and to put it into effect by gradual stages. In the Senate version, this authority is not only reduced to 15 percent over 3 years, but it is stated that no more than 5 percent may be used in any one year and the ability to carry over any authority not used up in each year is denied. Further, under the Senate amendments, not only must the authority be used in any one year but if all the authority is to be used, the agreements must be signed, sealed,

and go into effect in the first year or otherwise the authority is pared down in each succeeding year.

This 15 percent, no carryover authority is almost useless and essentially kills the tariff-lowering features of the Reciprocal Trade Act.

In the first place, under the bill, before negotiations can begin, the President must now give a 6-month peril-point notice—rather than the existing 120 days—of the particular items which he has any intention of using in negotiations. Second, about half of present American tariff rates are at 10 percent or below. Another 20 to 30 percent of the rates are between 10 and 20 percent. The duties on 70 to 80 percent of dutiable items, therefore, are below 20 percent. Consequently, 5 percent of an existing 20 percent rate is 1 percent, and would bring a reduction from only 20 percent to 19 percent. Therefore, the 15 percent over 3 years, and 5 percent per year authority is really no authority at all, for (1) it would be almost impossible even to begin negotiations in the first year or to finish them in the third year, and (2) we would have no chips to bargain with to get European and other rates reduced on our exports when we could reduce our rates by only such minor amounts. We would thus be handicapped because of inadequate bargaining power.

Therefore, for all practical purposes, the Senate version of the bill means no significant tariff reductions and probably no reductions at all. This, of course, delights the protectionists.

WHY THE 5-YEAR 25-PERCENT AUTHORITY IS IN THE SELF-INTEREST OF THE UNITED STATES

The major reason we need the full 5-year, 25-percent authority lies in the fact that arrangements under the European Common Market—Germany, France, Italy, Holland, Belgium, and Luxembourg—and the European free trade area—Britain, Scandinavia, and most all of the other free European countries—are now coming into effect.

In the next 4 to 5 years, the 6 Common Market countries will lower their tariff barriers to each other by 30 percent in 3 stages of 10 percent. This means an automatic disadvantage to the United States for with lower rates between and among the 6 it will be to the advantage of the Germans, for example, to buy from France, Italy, or Benelux, rather than from the United States. The United States will suffer an automatic comparative disadvantage within the Common Market as these reductions take place. Failure to bargain will not preserve the status quo but will automatically put our exports at a disadvantage.

Affected by these Common Market arrangements are some \$3.2 billions of American goods, or almost 20 percent of all United States exports if we use the 1957 figures. Combined with the free-trade area, these arrangements will affect almost 30 percent of our exports, or \$5.3 billion per year.

The 6 Common Market countries alone received in 1957, 36 percent of all our exports of oil and oilseeds, 22 percent of our tobacco exports, 34 percent of all our raw cotton exports, 30 percent of all our exported aircraft, 20 percent of all our manufactured and synthetic rubber exports, and huge quantities of grains, foodstuffs, textiles, wood and paper products, and iron and steel mill products, to name only a few.

Nothing could be more damaging to the American economy and American industry than for us to be gradually shut out of these markets. This will happen automatically unless the United States has adequate bargaining authority.

At the same time that the six countries lower their internal barriers to each other by 30 percent, they are to erect by stages a single comprehensive external tariff for the entire area against outside products. This new common external tariff is to be at the arithmetical average level of existing rates. Thus, on balance, it will be at existing levels although levels for individual products will go up or down to meet the arithmetical average of existing tariffs on individual products of the six nations.

The only way American exports can compete in this market is if the United States has the authority to negotiate to get this common external tariff lowered at the same relative rate as the internal tariffs are lowered, or by 30 percent in the first 4- to 5-year period.

On January 1, 1962, the first stage of this common external tariff goes into effect. Negotiations between the six and the United States and other countries will begin in early 1961. Therefore, negotiations on this matter of vital importance to the United States will only take place from the middle of the third year to the middle of the fourth year of a new 5-year extension of the Reciprocal Trade Act. (See chart for timetable.) In the bill as passed by the House, the entire 25 percent authority could be used in these negotiations. No part would have expired.

The 3-year, 15-percent provision of the Finance Committee, with no more than a 5-percent reduction per year, would be ruinous to the self-interest of the United States. In fact, it is difficult to comprehend how the self-interest of the United States could be harmed more than it is by this provision of the Senate bill.

It is wholly inadequate because:

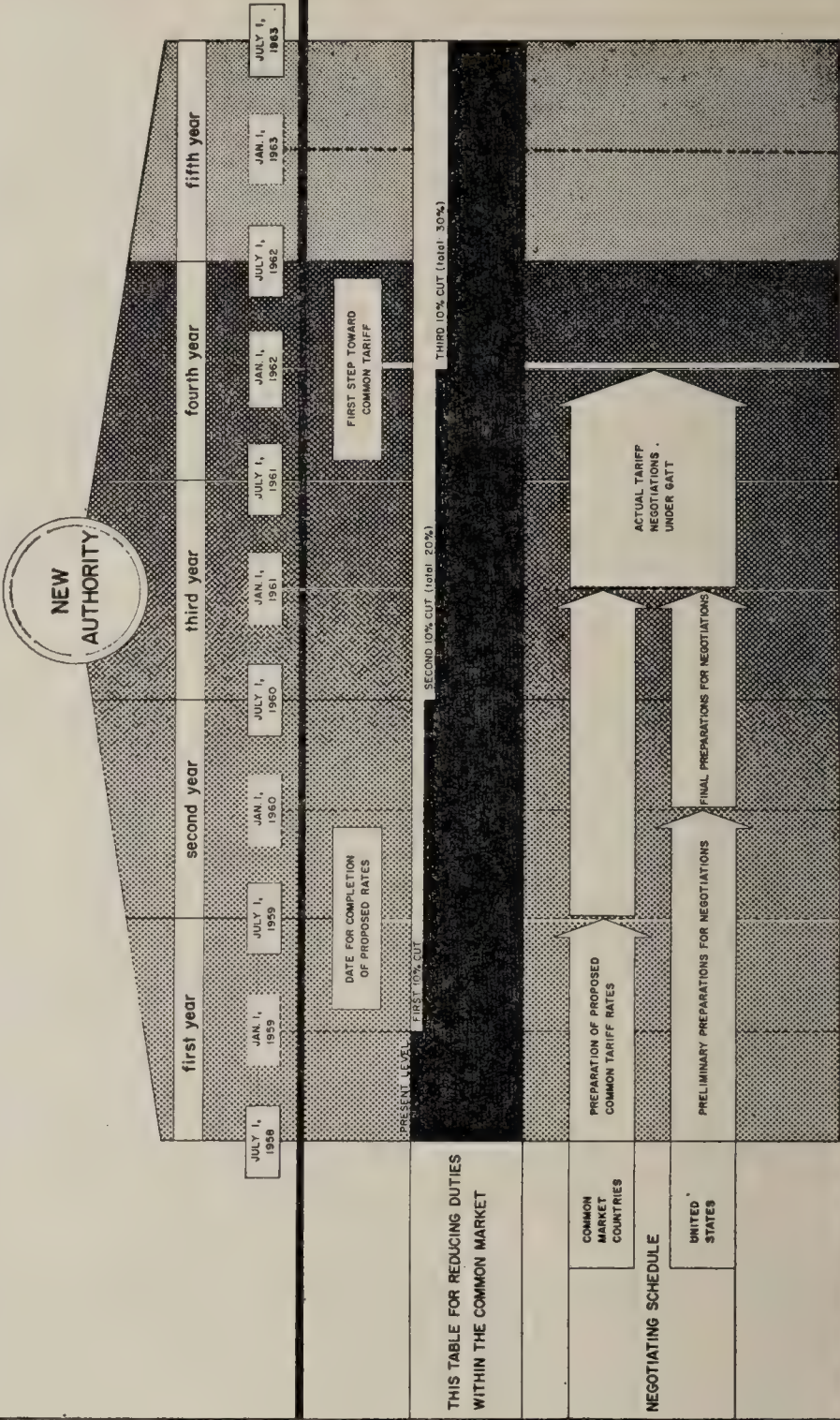
(1) United States negotiators would have to return to Congress for new authority right in the middle of the negotiations. This would be a tremendous disadvantage to the United States and of great advantage to the Europeans.

(2) The United States would have left only 5 percent of even the 15-percent authority when we went to the bargaining table in the third year. Further, this would have to be used up and actually go into effect halfway through the negotiations or it would be lost forever.

(3) The United States actually needs a 30-percent authority if we are to match the internal reductions of the 6 Common Market countries. With only 5 percent of our authority left in the third year when the bargaining begins, United States exports would suffer an increasing disadvantage in the European market.

Of course, all of this assumes that the Europeans would, in fact, be willing to negotiate. However, if the Senate bill should become law, it is more likely that there would be no negotiations and that the Europeans would concentrate on their own internal development at the expense of trade with the United States.

FIVE YEAR EXTENSION OF TRADE AGREEMENTS AUTHORITY



What is so amazing about the Finance Committee amendments is that those groups which support them are the ones which are generally most vociferous in their assertions that foreign countries always get the better of the United States in negotiations. Yet the effect of the action which they support will be, in the best event, to give the European producer a tremendous advantage over the United States producer in the new European market.

The 25-percent authority in the House bill, with its carryover provision, would put us at least close to parity with the 30-percent bargaining weapons of the Europeans; while the Senate 3-year, 15 percent and 5 percent per year, no carryover authority sends our negotiators into battle with the Europeans with almost no weapons and with both hands tied behind their backs.

At a minimum, the United States needs the full 5 years, the full 25 percent, and the carryover provisions of the House bill so that any bargains we get or give can be put into effect by stages over time rather than all in 1 year.

Two other points should be noted here. One is that with less authority to reduce rates, in any bargaining situation the United States will have to reduce the rates on a greater number of products to compensate for the lack of authority to reduce any one rate significantly.

The second point is that with the likelihood that under the Senate committee version of the bill there will be numerous successful escape-clause proceedings, much or most of the very limited authority would be used in compensating other countries for concessions which we withdrew under the escape-clause proceedings. It is, therefore, very doubtful that any significant bargaining could occur under these provisions.

WHY THE SENATE ESCAPE-CLAUSE PROVISIONS WOULD RUIN THE RECIPROCAL TRADE PROGRAM

While the 3-year, 15-percent authority amendments virtually deny the ability to lower tariffs, the escape-clause provisions of the Senate bill greatly expand the methods by which tariffs may be increased, and increased to levels as much as 50 percent above the highest levels in our history.

Under the bill as it now stands, a Tariff Commission finding of injury now becomes more likely than before. In addition, by the new escape-clause amendment, it is made almost impossible for an *elected* President and an *elected* Congress to reverse such a finding and which may well be a finding of as few as 3 of the 6 *appointed* members of the Tariff Commission.

Under the new escape clause, a Tariff Commission finding becomes final unless the President disapproves and both House of Congress—by majority vote within 90 days—pass—resolutions *supporting* the President. The full weight of any inaction is thus thrown on the side of protection and in favor of the Tariff Commission as compared with the President.

Further, under the new amendment, tie votes of the six-man *appointed* Commission become findings of injury, and if there is a finding of injury and a divided vote on the recommended remedy, the "recommendations of that group within the Commission which recommends the greatest measure of relief" shall go into effect unless over-

ruled by the President and both Houses of Congress. Thus, the Commission may find injury by a 3-3 vote and the greatest measure of relief recommended even by less than a majority shall go into effect.

These provisions, in conjunction with existing escape-clause provisions in both past and present legislation, would make it almost impossible to upset a Tariff Commission finding.

Consider the following. First, the Tariff Commission must only consider by law the narrow question of injury or threat of injury. Further, these can be considered for specific products and sections of industries. In addition, it may find injury even though there is only a relative rather than any absolute injury. The Commission by law can consider no other factor than injury, the threat of injury, or relative injury and cannot consider what effects its recommendations would have on the American consumers, on other sectors of our economy, on our foreign relations, on our treaty obligations, or whether the withdrawing of concessions by other countries would seriously injure American exports, the status of delicate negotiations, or even on balance whether a finding of injury would do more harm than good.

The Tariff Commission is therefore to consider only the most narrow questions of economic injury to specific producing groups. It is not to consider at all whether this action may result in significantly higher prices to housewives and consumers. It does not consider that this may result in immediate and even drastic retaliation upon American exporters. It is for all of these reasons that the President must have adequate authority to review and reject Commission findings and recommendations based on such narrow grounds.

In addition to all this, the Tariff Commission, under the present bill, has new authority to recommend relief by increasing rates to a level 50 percent above the 1934 levels rather than the 1945 levels. As the 1945 levels of tariffs were about 13 percent on the average, and as the 1934 levels were about 50 percent on the average, this means the Commission can, as I have already pointed out, recommend raising rates not by 50 percent above existing levels, or from about 13 percent to 20 percent, but by 50 percent above the 1934 levels. Further, these levels can be recommended by less than a majority of the Commission and yet become effective.

In fact, a situation could well occur where the President, because of foreign policy reasons, would disapprove of a Commission finding and where the Senate, for equally persuasive reasons of foreign policy, would uphold the President only to find that the House of Representatives would fail to sustain the President. In such a case, the President and Senate—which have jurisdiction over matters of foreign policy—would be denied their right to exercise this jurisdiction by a House of Congress which has no such primary jurisdiction.

In practice, under the new escape clause, the findings of the Commission would almost always become final. The possibilities of delay in getting a resolution through committees in both Houses, the discharge procedures which would have to be invoked if the committees failed to act, and the delays in getting passage in both Houses in the face of vocal but minority pressures, are almost too numerous to mention. Anyone who has studied the rules of the Senate knows that discharging a committee is a most unusual practice, is seldom used, and is even less often successful.

One final point should be made concerning this escape-clause section. The bill provides that action must be taken in 90 days. If the President disapproves a Tariff Commission recommendation less than 90 days before the end of a session of the Congress or while the Congress is adjourned, the matter is carried over until the beginning of a new Congress and must then be acted upon in 90 days. Under the new escape-clause provision of the bill, there will certainly be more escape-clause recommendations than in the past. Further, because of this carryover provision, a large proportion of them will normally be acted on during the first 90 days of a new Congress or a new session of a Congress. This offers numerous logrolling possibilities where one group of protectionist interests can join with several other groups to form a majority so that no single escape-clause recommendation may be overruled. This would return us to the days of tariff logrolling which were among the sorriest chapters in our history.

The Senate, if it does not delete this provision altogether, should at least return to the House version of the bill which provides that if the President disapproves of a Tariff Commission finding, the President's views can be overturned by a vote of two-thirds of each House.

This would retain Presidential review but it would permit the Congress to override the President by a two-thirds vote in the same manner that the Congress can override the President on legislative matters.

THE NATIONAL SECURITY AMENDMENT

In 1954 extension of the Trade Act provided that no trade agreement reduction in duty shall be made if it would threaten domestic production needed for projected national defense requirements. In 1955, the act was amended to provide a procedure for investigation and action by the President if he agrees with the Director of the Office of Defense Mobilization that any article is being imported in such quantities as to threaten to impair the national security.

This national security section was never meant to be an alternative to escape-clause relief. Its purpose was to avoid a threat to the national security through imports. The question of injury, while it might be a factor in the consideration, was not the object of the provision as such. As the House report states—

The interest to be safeguarded is the security of the Nation, not the output or profitability of any plant or industry except as these may be essential to the national security.

By amendment the Senate has changed the nature and intent of this section. The national security amendment sets up an implicit syllogism which states, in effect:

1. The economic welfare of the country affects national security.
2. Any industry which is injured by imports weakens the economic welfare of the country.
3. Therefore, injury to a domestic firm or product, or unemployment, or a decrease in Government revenues, loss of skills or investment, affects the national security.

This really means that virtually every industry or product can qualify as a national security industry.

Acceptance of this amendment would mean an overlapping of the functions of the Tariff Commission, under the existing escape clause, and the Office of Defense Mobilization, under the national security amendments. It would put unneeded and unnecessary burdens on the Office of Defense Mobilization which has many more important functions to carry out in the field of our vital national security. It would give domestic industries two avenues for relief and would bring an unending number of cases and disputes before both bodies. When one considers examples of cases which have gone before the Tariff Commission in escape-clause proceedings, and when one considers that these industries would now, by definition, be considered to be national security industries, the folly of this amendment can be seen. For example, the industries producing the following products or articles, which have sought escape-clause relief in the past, could now seek relief as national security industries:

spring clothespins	women's fur felt hats and hat bodies
wood screws	hatters' fur
blue-mold cheese	dried figs
ground fish	tobacco pipes and bowls
glacé cherries	screen printed silk scarves
bonita and tuna	scissors and shears
ground chicory	alsike clover seed
coconuts	ferrocium (lighter flints)
pregnant mares' urine	toweling of flax, hemp or ramie
household china tableware	velveteen fabrics
chalk whiting	violins and violas
woodwind musical instruments	straight pins
metal watch bracelets	safety pins
rosaries	stainless steel table flatware
mustard seeds	umbrella frames
wool gloves and mittens	clinical thermometers
glue of animal origins and inedible gelatin	handmade blown glassware
hardwood plywood	watches
red fescue seed	motorcycles and parts
dressed rabbit furs and fur skins, not dyed	bicycles and parts
cotton pillowcases	cotton carding machinery
certain jute fabrics	lead and zinc
wool felts, nonwoven	fluorspar
garlic	para-aminosalicylic acid

This list is the complete list of items or articles for which escape-clause action has been sought in the 10 years since the escape clause has been in operation. It excludes duplicate items together with 18 items which were withdrawn either at the applicant's request or by the Commission after preliminary investigation. At best only a very few of these 48 products or articles could conceivably be considered to have any direct effect on national security and for some of these, lead and zinc, and fluorspar, for example, it is now proposed that they be subsidized by the Federal Government.

WHY WE SHOULD CONTINUE TO MOVE TOWARD FREER TRADE

I do not want merely to stress the gross weakness of the committee amendments. There is also need for the Congress and the public to realize more fully the great positive advantages of broader international trade. These advantages are both economic and political in character and would be largely lost if the committee amendments were to be finally adopted. For there can be no doubt that if this happens not only will the downward movement of tariffs be stopped but that under inevitable protectionist pressure they will be increased.

The great economic advantage of broader international trade is that it permits goods to be produced in those areas where they can most advantageously be turned out. Each nation can specialize on those articles which it can produce best and then can exchange these articles for others in which other nations excel. A greater total output of goods and services is thus obtained than if each nation were to become self-sufficient and used its labor and capital on articles where it was comparatively less efficient. The people of all countries therefore gain from the international division of labor which is fostered by low tariffs and an international market. For as Adam Smith pointed out nearly two centuries ago, the division of labor is limited by the extent of the market. We in the United States already have the great advantage of the largest free internal market in the world whereby goods can move from one State to another with comparatively little hindrance. As a result we have geographic specialization and a minute division of labor. While no one proposes that all tariffs between nations be abolished, it is certainly true that a mutual lowering of such barriers would permit us to share more fully in the increased production which such a further extension of the market would bring.

It is extraordinary that protectionists do not realize how much of our prosperity is based upon our huge internal market and that further gains could be made by extending it. These gains would come from our having a comparative advantage in certain industries as well as a positive advantage in others. An increase in protection would force us to withdraw some labor and capital from industries where they are more efficient, to those where they are less efficient. It would increase the cost of living to consumers, which is already too high, while a reduction in tariffs would help to lower prices.

We should further recognize that if we restrict imports into this country, whether by quotas or tariffs, we automatically and correspondingly restrict our exports to them. The sales which other nations make to us furnish them with the means to buy from us. This used to be effected indirectly by gold movements and changes in the price levels. Thus as we cut down on our imports, foreign countries had to send us gold for our exports which raised our price levels and lowered theirs. This meant that our exports were produced at higher costs and were sold abroad at lower prices and hence were reduced in volume.

In these days of the dominance of dollar credits in international trade and exchange, the connection between exports and imports is even more direct. If, by tariffs and quotas, we reduce our imports, we make available to other countries a smaller quantity of dollars which they can use to buy our goods.

Thus, if we restrict the importation of textiles, chemicals, fuel oil, minerals, glassware, pottery, etc., we will automatically decrease our exports of raw cotton, tobacco, wheat, soybean oil, farm and earth-moving machinery, electrical equipment, automobiles, trucks, etc. We will destroy as many jobs as we will create and will turn our energies into less productive channels. Moreover, if we start raising our tariffs and imposing quotas, we can be sure that other nations will soon follow suit and will discriminate against our goods. The Smoot-Hawley tariff of 1930 caused other countries to indulge in retaliatory reprisals against us and the bill in its present form would have a similar effect.

THE POLITICAL BENEFITS OF BROADER TRADE

Trade tends on the whole to unite countries in a mutuality of interests. It thus builds friendship by developing complementary cooperation. Now that we are in a worldwide struggle with Soviet imperialism, we need to have the other nations of the free world on our side. Similarly, they need us. It would be the height of folly for Congress to drive an economic wedge between them and us by passing the bill in its present form. For that would still further fragmentize the free world and make united action more difficult. We have already done a great deal of damage by restricting the flow of Canadian oil into the west coast and by forcing Japan to impose informal quotas on textiles. The further adoption of such a policy is indeed likely to drive Japan into the arms of Red China. For if we prevent Japan from trading with us, virtually the only market left for her will be in China. But we may be sure that Red China will only permit Japan to do this if Japan in turn agrees to weaken her political ties with us and to move over toward and ultimately into the Communist orbit. In their blindness, the protectionists, whose patriotism we do not doubt, will therefore unwittingly but surely weaken the defenses of the free world and hence of ourselves.

SOME OBJECTIONS CONSIDERED

I am well aware of the objections raised against the reciprocal trade program. It is said we have not received any real concessions in return for those which we have made. The record of the hearings refutes this by giving a detailed list of examples of the concessions we have obtained which fills six pages in fine type (pp. 903-908).

Then it is argued that wages in foreign countries, notably the Orient, are so much lower than ours that they can undersell us even when their physical output per man-hour is less. This danger, it is said, is heightened by the fact that our machines and scientific know-how can be exported to those countries and used to undersell products in the American market.

There is something to this contention but not nearly as much as is claimed. In the first place, gold has not been completely insulated from affecting the domestic price levels and thus imports of this type would bring about an outflow of gold which would raise prices and costs in the exporting countries. Wholesale prices in Japan, for example, rose 50 percent between 1950 and 1957 as compared with an increase in the United States of only 14 percent. Fluctuations in

exchange rates would also be a compensating factor. Furthermore, the growth of trade unionism and of protective labor legislation in the countries in question will gradually raise wage costs per unit of output and put prices more on the basis of comparative efficiencies.

These compensatory factors will take time to operate, but it should always be remembered that any reduction in tariffs will be gradual and that transportation costs will always be an added cost which imported goods will have to pay and hence will be a form of national protective tariff.

SUMMARY

There is therefore every reason why we should push forward on a meaningful extension of the reciprocal trade program. To do so will help American consumers and the Nation and will improve our position both economically and politically.

The committee amendments should therefore be rejected and the power of the President to raise duties under the escape clause be made no greater than that which he now possesses.

PAUL H. DOUGLAS.

MINORITY REPORT

We are opposed to renewal of the 1934 Trade Agreements Act which expired June 30, 1958.

If the act is not renewed all existing multilateral and bilateral trade agreements to which the United States is a contracting party are subject to termination.

Multilateral agreements made through GATT, the General Agreement on Tariffs and Trade in which 36 foreign nations participate in Geneva, Switzerland, can be terminated in 60 days upon our Government giving notice to the Secretary General of the United Nations.

Bilateral agreements can be terminated 180 days after either the United States or the participating foreign country gives notice to the other party of its intention to terminate the agreement.

When these agreements are terminated the United States Tariff Commission, a bipartisan agent of Congress, will have authority to adjust duties or tariffs on all products on the basis of the equalization of the costs of production principle between the United States and the "principal competing country" on each product.

American producers of raw materials or manufactured goods will then have equal access to the American market because the Tariff Commission, under the law, will adjust tariffs on a flexible basis to make up the difference between wages and costs of doing business here and the wages and costs of producing like or similar goods in the chief competing foreign country.

American workmen and investors will then be back in business.

America's 5½ million unemployed who have lost their jobs because of import competition from low-wage, low-tax, foreign countries, will then return to work.

America's investors will then, for the first time in 24 years, have some assurance that their investment in productive American enterprises will not be wiped out by destructive import competition brought about by some trade agreement negotiated through GATT or bilaterally by the State Department. An industry cannot be destroyed to further a foreign policy.

America's economy will then be restored.

During the 24-year life of the Trade Agreements Act the United States has been involved in 2 foreign wars.

Our Federal public debt has increased from \$27,053,141,414 to \$276,013,439,621 as of June 30, 1958, the end of the fiscal year.

Effective individual income-tax rates have multiplied seven times.

Our foreign trade has been maintained by supplying foreign countries with more than \$125 million extracted from the taxpayers and made available to foreign governments to use in buying American products.

Tariff duties on total imports, both free and dutiable, have been reduced from 18.5 to 5.9 percent.

Tariff duties on the total value of dutiable imports have been reduced from 50 to less than 12 percent.

Foreign countries during the 24 years that the Trade Agreements Act has been in operation, have multiplied restrictions against American products and invented new restrictions.

Today more nations impose more barriers to imports of American products than at any time in our history.

Of the 93 foreign countries listed in tables prepared by the Department of Commerce, 90 of them impose controls over some or all United States products entering their markets, or over the money that can be paid for them.

In 1934 when the Trade Agreements Act was passed there were 35 foreign countries which required exchange permits, including those which had followed Britain's lead in 1931 when that country went off the gold standard.

Today 42 countries require exchange permits on all foreign-trade transactions, and 11 more require exchange permits or the equivalent on some or many transactions with the United States and other countries.

The United States requires no exchange permits.

Sixty-two trading nations require import licenses generally on all imports from the United States, and 25 others require them for imports on some important American products, or a total of 87 of the 93 foreign countries, excluding colonies.

The United States requires no import licenses on any foreign product from any foreign country.

All foreign countries with which the United States trades except Yemen apply tariffs to United States products.

In addition to import licenses and exchange permits foreign countries employ multiple exchange rates, import quotas and prohibitions, preferential tariff systems, foreign exchange auctions, advance deposit requirements, blocked accounts, restrictions on movements of incoming capital, restrictions on movements of outgoing capital, and restrictions on payments for invisible imports.

With the exception of quotas on a limited number of agricultural products, the United States applies none of these devices.

The United States today is the world's principal exponent of a free import policy which renewal of the 1934 Trade Agreements Act would continue.

In the meantime nations around the world have increased their tariff barriers against the United States.

The United Kingdom, for example, requires both import licenses and exchange permits in addition to a notoriously restrictive token quota system and formidable tariff barriers which discriminate against the United States by granting preferential rates to her 11 Commonwealths and her many colonies.

All of these trade barriers and restrictions applied against the United States are permitted in the General Agreement on Tariffs and Trade under its various articles.

Other nations are permitted to apply them not only to their own trade but to that of their colonies. England requires their use in the Bahamas, Bermuda, the West Indies (Barbados, Jamaica, Trinidad, Leeward Islands, Windward Islands), British Guiana, British East Africa, Gambia, Nigeria, Sierra Leone, British Honduras, British

Borneo and lesser colonies, protectorates and trust territories, none of which are listed in the 93 trading countries referred to above.

As the United States has progressively lowered its tariffs and other nations have progressively increased their restrictions against American products that are not paid for by American dollars given to these foreign nations, unemployment in the United States has increased.

Today there are 5,437,000 unemployed.

This is 533,000 more than were unemployed in May.

It is 2,437,000 more unemployed than we had 2 years ago and 3,567,000 more unemployed than we had in 1953.

It is the largest unemployment that we have had in 17 years or since we entered World War II.

In June of this year there were 259 distressed areas in 35 States.

In May we had 243 distressed areas.

In January there were 114 distressed areas.

In March 1957, there were 78 distressed areas.

In March 1953, there were 37 distressed areas.

Each year that the United States has lowered tariffs on competitive imports the number of unemployed and the number of distressed areas have increased.

Unemployment and distress is caused by mounting imports of products which compete with products produced or manufactured in the United States, and these imports in the past 5 years have almost tripled.

The imports have increased as a result of trade agreements made by our State Department under the 1934 Trade Agreements Act.

Each agreement has brought increased jeopardy to our economy.

The Trade Agreements Act has now expired.

Unless Congress renews it the State Department will have no more power to negotiate further trade agreements destructive to American jobs, markets, and economy.

The adjustment of flexible duties or tariffs on all such products revert to the Tariff Commission, an agent of Congress, to be continually adjusted on the basis of fair and reasonable competition.

The Tariff Commission, in a letter to me dated January 29, said:

The United States could, under the above-mentioned procedures, eliminate all trade agreement obligations. In these circumstances, the statutory rates of duty (or in certain instances, the rates established pursuant to sec. 336 of the Tariff Act of 1930) for the articles currently covered by trade-agreement concessions would become effective. With respect to those articles covered in the GATT and not previously or presently covered in a bilateral agreement, the reinstatement of the effectiveness of the statutory rates of duty thereon could be accomplished solely by withdrawal from the GATT. With respect to those articles covered in the GATT, which are also covered in the bilateral agreement between the United States and a foreign country that is now a contracting party to the GATT, and the bilateral agreement has not been terminated, termination of the bilateral agreement in question, in addition to withdrawal from GATT, would be necessary to bring about the effectiveness of the statutory rates. Finally, with respect to those articles covered only in a currently effective bilateral agreement,

termination of the said agreement would be necessary for the reinstatement of the statutory rates of duty.

ADJUSTMENT FLEXIBLE TARIFF REVERTS TO TARIFF COMMISSION

Under such conditions then all products included in trade agreements to which this Nation is a party, revert to the Tariff Commission, an agent of Congress—the flexible tariff or duty to be adjusted in accordance with section 336 of the Equalization of Costs of Production Act—the 1930 Tariff Act, Public Law 361.

Excerpts from section 336 of Public Law 361 follow:

(a) Change of classification of duties: In order to put into force and effect the policy of Congress by this act intended, the Commission (1) upon request of the President, or (2) upon the resolution of either or both Houses of Congress, or (3) upon its own motion, or (4) when in the judgment of the Commission there is good and sufficient reason therefor, upon application of any interested party, shall investigate the differences in the costs of production of any domestic article and of any like or similar foreign article. In the course of the investigation the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. * * * If the Commission finds it shown by the investigation that the duties expressly fixed by statute do not equalize the differences in the costs of production of the domestic article and the like or similar foreign article when produced in the principal competing country, the Commission shall specify in its report such increases or decreases in rates of duty expressly fixed by statute (including any necessary change in classification) as it finds shown by the investigation to be necessary to equalize such differences.

The only limitation is the provision limiting the Tariff Commission to a flexible adjustment of the tariff of 50 percent up or down as the equalization of costs of production may indicate.

This limitation can be removed or enlarged by Congress at any time. However, since, upon cancellation, the tariff reverts to the statutory rates set in the 1930 Tariff Act, in many cases the 50 percent may do the job.

THE CONSTITUTION—THE SEPARATION OF POWERS

The Constitution, in its separation of powers, pointedly places the regulation of foreign trade through the adjustment of the duties, imposts, and excises which we call tariffs, in the legislation branch under article I, section 8.

It places the fixing of foreign policy in the executive branch under article II, section 2.

The 1934 Trade Agreements Act tying the two together under the Executive is clearly unconstitutional.

The table on exports from 1909 to and including 1957 shows that if we deduct the amount of money we give the foreign nations each year to buy our goods—and the subsidies paid on exported goods—that the

percentage, in dollar value, of our exportable goods going abroad in profitable trade has not materially changed since the passage of the 1934 Trade Agreements Act.

THE SENATE FINANCE COMMITTEE REPORT—AMENDMENTS TO THE SENATE FLOOR

Under the 1934 Trade Agreements Act as extended to June 30 of this year, the President could and did trade a part and practically all of some industries to foreign nations when he considered that his foreign policy would be furthered thereby. The Secretary of State, Hon. John Foster Dulles, so testified that he had that power.

The Senate Finance Committee's amendment provides that before the President can bypass the Tariff Commission's recommendation in an escape clause action, he must first secure a majority vote of both Houses of Congress. The Committee further recommended that a tie vote by the Commission, would be considered in favor of the industry.

The Senate Finance Committee, reduced the House extension provision of 5 years to 3 years and the further reduction of such duties and tariffs from 25 to 15 percent.

In the National Security provision of the act the Senate Finance Committee provided that the President must take into consideration the effect on national security of a weakening of the country's economy by excessive imports of individual products. There is no question but that the weakening of our economic structure also weakens our defensive power.

COMMITTEE INVESTIGATE EFFECT

In addition the committee provided for a 9-member bipartisan Commission to be composed of 3 members appointed by the President, none of whom may be members of the executive branch, 3 from the Senate Committee on Finance, and 3 from the House Committee on Ways and Means, to investigate and report on the international trade agreement policy of the United States and to recommend improvement in policies, measures, and practices.

The 1934 Trade Agreements Act should not be extended.

However, if the act is to be extended the Senate Finance Committee's recommendations provide a partial return to the legislative branch control of foreign trade, as provided in the Constitution.

I submit a table showing the United States production of movable goods, proportion exported, and foreign aid, for the selected years 1909-57.

[Millions of dollars unless otherwise indicated]

Calendar year	Estimated United States production of movable goods	Total exports of United States merchandise	Ratio of exports to movable-goods production	Military-aid exports from United States	Net U. S. Government grants other than military-aid shipments	Net U. S. Government loans ¹	Sum of cols. 4, 5, and 6	Col. 2 minus col. 7	Ratio of col. 8 to col. 1
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			<i>Percent</i>						<i>Percent</i>
1909	17,437	1,701	9.8					1,701	9.8
1914	20,599	2,071	10.1					2,071	10.1
1919	47,210	7,750	16.4		39	2,328	2,267	5,383	11.4
1921	33,396	4,379	13.1			-30	-30	4,409	13.2
1923	44,853	4,091	9.1			-91	-91	4,182	9.3
1925	48,341	4,819	10.0			-27	-27	4,846	10.0
1927	48,035	4,759	9.9			-46	-46	4,805	10.0
1929	53,502	5,157	9.6			-38	-38	5,195	9.7
1931	32,885	2,378	7.2			-21	-21	2,399	7.3
1933	25,326	1,647	6.5			7	7	1,640	6.5
1935	34,133	2,243	6.6			(4)	(4)	2,243	6.6
1936	(2)	2,419	(3)			-1	-1	2,420	(3)
1937	44,853	3,299	7.4			(4)	(4)	3,299	7.4
1938	(2)	3,057	(3)			1	1	3,056	(3)
1939	41,671	3,123	7.5			15	15	3,108	7.5
1940	47,671	3,934	8.3			51	51	3,883	8.1
1941	64,267	5,020	7.8	(3)	932	391	1,323	3,697	5.8
1942	89,345	8,003	9.0	(3)	6,304	221	6,525	1,478	1.7
1943	99,851	12,842	12.9	(3)	12,738	109	12,847	-5	
1944	105,617	14,377	13.6	(3)	13,845	231	14,077	240	.2
1945	101,411	10,309	10.2	(5)	6,542	1,019	7,561	2,748	2.8
1946	101,194	9,950	9.8	(5)	2,343	⁶ 2,701	5,044	4,906	4.8
1947	123,799	15,160	12.2	(5)	1,940	⁶ 3,907	5,847	9,313	7.5
1948	139,728	12,532	9.0	(5)	4,194	1,024	5,218	7,314	5.2
1949	123,199	11,936	9.5	(5)	5,207	652	5,859	6,077	4.9
1950	144,527	10,142	7.0	282	3,484	156	3,922	6,200	4.3
1951	165,080	14,879	9.0	1,065	3,035	156	4,256	10,623	6.4
1952	171,540	15,049	8.8	1,997	1,960	420	4,377	10,672	6.2
1953	182,674	15,652	8.6	3,511	1,837	218	5,566	10,066	5.5
1954	175,810	14,981	8.5	2,255	1,647	-93	3,809	11,172	6.4
1955	193,725	15,421	8.0	1,256	1,865	302	3,423	11,908	6.2
1956	202,055	18,940	9.4	1,757	1,695	626	4,078	14,862	7.4
1957	208,400	20,630	9.9	1,355	1,607	961	3,923	16,707	8.0

¹ Covers changes in both long- and short-term claims of the U. S. Government on foreign countries.² Not available. (Prior to 1940, estimates of production of movable goods have been prepared only for years covered by a Census of Manufactures.)³ Not available. (See note 2.)⁴ Less than \$50,000.⁵ Military aid shipments under the war and postwar lend-lease and Greek-Turkish aid programs are included in col. 5.⁶ Excluding United States subscriptions of \$323,000,000 in 1946 and \$3,062,000,000 in 1947 to capital of International Bank and Monetary Fund.

Source: Prepared from basic data of the Department of Commerce, June 1958.

The above chart was prepared in an effort to obtain an accurate picture of what portion of our movable goods is being shipped abroad through the normal processes of international trade and without the benefit of subsidies, grants, gifts, and credits extended to the countries receiving American products at the expense of the American taxpayer. This objective has not been completely accomplished, nor, in the absence of any Government central authority collecting and collating the contributions, loans, barter deals, special donations, and exchanges of goods for foreign currencies made to or with foreign countries by our numerous and various Government agencies at the expense of the American taxpayer, does it appear that a true picture can be given.

For example, exports of farm products under the barter program authorized in title III of Public Law 480, are in-

cluded in column 2, showing total exports, but nowhere appear in column 5 or 6 listing, respectively, grants other than military aid and Government loans. In 1957 more than \$400 million worth of farm products were exported under the barter program. In 1956 barter "sales" totaled \$299 million, and the year previously \$125 million.

In 1957, according to Department of Agriculture statistics, \$1,279 million in farm products were exchanged for foreign currencies, and the year previously \$783 million. Foreign currency sales are presumably included in column 6 of the Department of Commerce table, but the totals in that table for the years 1957 and 1956 are only \$961 million and \$626 million, respectively.

Of the \$4.7 billion in agricultural exports during the last calendar year \$1.9 billion moved under Government-financed programs other than CCC credit sales, in other words were not sold for dollars but were given away or exchanged for foreign currencies or products.

Dollar exports for the calendar year totaled \$2.8 billion, but of this \$1.1 billion involved subsidies in which the producer was reimbursed by the Government under the CCC program and the product was then made available for export through commercial channels for sale at world prices considerably below the domestic price.

These sales, however meritorious they may be from the standpoint of reducing the agricultural surplus, cannot be considered normal transactions in our commercial foreign trade. They are subsidized sales, the subsidies being paid by the American taxpayer. Yet the full amount of these exports are included in the Department of Commerce export total, and are nowhere reflected in column 5, 6, or 7.

The Department of Agriculture has supplied me with a table showing the cost of these products during the fiscal years 1954, 1955, 1956, and 1957, and during the period July 1, 1957, to April 30, 1958, and also the amount of dollars received in return. The difference represents the subsidy on these exports.

Fiscal year or period	Cost to Government (Col. A)	Dollars received in return for exports of products bought in col. A (Col. B)
1954.....	\$434,332,000	\$261,823,000
1955.....	726,104,000	497,011,000
1956.....	769,824,000	493,949,000
1957.....	1,466,037,000	945,029,000
July 1, 1957, to Apr. 30, 1958.....	1,228,713,000	774,000,554
Total.....	4,625,010,000	2,971,812,554

Each of these taxpayer-financed programs, if accurate figures could be obtained, would reduce the total value of exports actually sold abroad under conditions of normal commercial trade, and the percentages of our movable goods which are exported through normal commercial channels within the classical concept of international trade.

The showing that \$20,630 million of American products, military or otherwise, were exported during 1957 presents a distorted picture, not only of our foreign trade but also of our economy. Thus, if half

of our movable product were shipped abroad as a gift, or bartered for foreign goods we did not want or need, or exchanged for foreign currencies we cannot use, the administration could boast that our exports had increased to more than \$100 billion and that we were now exporting 50 percent of our entire movable product. This would not reflect, however, any increased prosperity for the United States; it would reflect disastrous losses to our economy.

The 1934 Trade Agreements Act has not increased the proportion of our national product sold abroad for dollars; it has decreased that proportion. Yet the 1934 act was sold to Congress and the public partially on the claim that it would increase the share of our national production exported to foreign countries. To even attempt to move a comparable share of our national product into foreign countries, it has been necessary since World War II, to give or loan \$75 billion to those countries, thus paying for the goods they buy with our own dollars, and to further create devious programs designed to permit them to buy our goods with worthless foreign currencies or to "pay" for them with their own products of which they have a surplus or to which they attach none or little value.

As may be seen from the charts above, incomplete as they are, from \$3.4 billion to \$5.8 billion of our export trade each year since the end of World War II has been fictitious from any commercial standpoint and actually financed by the American taxpayer.

The way to return to the Constitution in the regulation of foreign trade through the adjustment of the flexible duties or tariffs on the principle of fair and reasonable competition, giving the American workingmen and investors equal access to their own markets, is not to renew the 1930 Tariff Act, which expired on June 30 of this year.

The bill reported by the Senate Committee on Finance, however, is a great improvement over the initial act of 1934 as extended to June 30, 1958.

The proposed amendments to the act mark the first move in 24 years to return to the Constitution of the United States.

GEORGE W. MALONE.

WILLIAM E. JENNER.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TARIFF ACT OF 1930

TITLE III—SPECIAL PROVISIONS

* * * * *

PART II—UNITED STATES TARIFF COMMISSION

* * * * *

SEC. 333. TESTIMONY AND PRODUCTION OF PAPERS.

(a) **AUTHORITY TO OBTAIN INFORMATION.**—For the purposes of carrying **[Part II of this title into effect]** *out its functions and duties in connection with any investigation authorized by law*, the commission or its duly authorized agent or agents (1) shall have access to and the right to copy any document, paper, or record, pertinent to the subject matter under investigation, in the possession of any person, firm, copartnership, corporation, or association engaged in the production, importation, or distribution of any article under investigation, **[and shall have power to]** (2) *may* summon witnesses, take testimony, *and* administer oaths, **[and to]** (3) *may* require any person, firm, copartnership, corporation, or association to produce books or papers relating to any matter pertaining to such investigation, *and* (4) *may require any person, firm, copartnership, corporation, or association to furnish in writing, in such detail and in such form as the commission may prescribe, information in their possession pertaining to such investigation.* Any member of the commission may sign subpoenas, and members and agents of the commission, when authorized by the commission, may administer oaths and affirmations, examine witnesses, take testimony, and receive evidence.

* * * * *

(d) **DEPOSITIONS.**—The Commission may order testimony to be taken by deposition in any proceeding or investigation pending **[under Part II of this title]** *before the commission* at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. Any person, firm, copartnership, corporation, or association, may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the commission, as hereinbefore provided.

* * * * *

SEC. 335. RULES AND REGULATIONS.

The commission is authorized to adopt such reasonable procedures and rules and regulations as it deems necessary to carry out its functions and duties.

SEC. 336. EQUALIZATION OF COSTS OF PRODUCTION.

(a) **CHANGE OF CLASSIFICATION OR DUTIES.**—In order to put into force and effect the policy of Congress by this Act intended, the commission (1) upon request of the President or (2) upon resolution of either or both Houses of Congress, or (3) upon its own motion, or (4) when in the judgment of the commission there is good and sufficient reason therefor upon application of any interested party, shall investigate the differences in the costs of production of any domestic article and of any like or similar foreign article. In the course of the investigation the commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. [The commission is authorized to adopt such reasonable procedure and rules and regulations as it deems necessary to execute its functions under this section.] The commission shall report to the President the results of the investigation and its findings with respect to such differences in costs of production. If the commission finds it shown by the investigation that the duties expressly fixed by statute do not equalize the differences in the costs of production of the domestic article and the like or similar foreign article when produced in the principal competing country, the commission shall specify in its report such increases or decreases in rates of duty expressly fixed by statute (including any necessary change in classification) as it finds shown by the investigation to be necessary to equalize such differences. In no case shall the total increase or decrease of such rates of duty exceed 50 per centum of the rates expressly fixed by statute.

* * * * *

SEC. 337. UNFAIR PRACTICES IN IMPORT TRADE.

* * * * *

(c) **HEARINGS AND REVIEW.**—The commission shall make such investigation [under and in accordance with such rules as it may promulgate] and give such notice and afford such hearing, and when deemed proper by the commission such rehearing, with opportunity to offer evidence, oral or written, as it may deem sufficient for a full presentation of the facts involved in such investigation. The testimony in every such investigation shall be reduced to writing, and a transcript thereof with the findings and recommendation of the commission shall be the official record of the proceedings and findings in the case, and in any case where the findings in such investigation show a violation of this section, a copy of the findings shall be promptly mailed or delivered to the importer or consignee of such articles. Such findings, if supported by evidence, shall be conclusive, except that a rehearing may be granted by the commission and except that, within such time after said findings are made and in such manner as appeals may be taken from decisions of the United States Customs Court, an appeal may be taken from said findings upon a question or questions of law only to the United States Court of Customs and Patent Appeals by the importer or consignee of such articles. If it shall be shown to the satisfaction of said court that further evidence

should be taken, and that there were reasonable grounds for the failure to adduce such evidence in the proceedings before the commission, said court may order such additional evidence to be taken before the commission in such manner and upon such terms and conditions as to the court may seem proper. The commission may modify its findings as to the facts or make new findings by reason of additional evidence, which, if supported by evidence, shall be conclusive as to the facts except that within such time and in such manner an appeal may be taken as aforesaid upon a question or questions of law only. The judgment of said court shall be final.

* * * * *

PART III—PROMOTION OF FOREIGN TRADE

SEC. 350. (a) (1) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

(A) To enter into foreign trade agreements with foreign governments or instrumentalities thereof: *Provided*, That the enactment of the Trade Agreements Extension Act of 1955 shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

(B) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder.

(2) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made—

(A) Increasing by more than 50 per centum any rate of duty existing on **[January 1, 1945]** *July 1, 1934*.

(B) Transferring any article between the dutiable and free lists.

(C) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, or with respect to which notice of intention to negotiate was published in the Federal Register on November 16, 1954, decreasing by more than 50 per centum any rate of duty existing on January 1, 1945.

(D) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, *and before July 1, 1958*, decreasing (except as provided in subparagraph (C) of this

paragraph) any rate of duty below the lowest of the following rates:

(i) The rate 15 per centum below the rate existing on January 1, 1955.

(ii) In the case of any article subject to an ad valorem rate of duty above 50 per centum (or a combination of ad valorem rates aggregating more than 50 per centum), the rate 50 per centum ad valorem (or a combination of ad valorem rates aggregating 50 per centum). In the case of any article subject to a specific rate of duty (or a combination of rates including a specific rate) the ad valorem equivalent of which has been determined by the President to have been above 50 per centum during a period determined by the President to be a representative period, the rate 50 per centum ad valorem or the rate (or a combination of rates), however stated, the ad valorem equivalent of which the President determines would have been 50 per centum during such period. The standards of valuation contained in section 402 [of this Act (as in effect) or 402a of this Act (as in effect, with respect to the article concerned, during the representative period) shall be utilized by the President, to the maximum extent he finds such utilization practicable, in making the determinations under the preceding sentence.

(E) *In order to carry out a foreign trade agreement entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the rates provided for in paragraph (4) (A) of this subsection.*

(3) (A) Subject to the provisions of subparagraphs (B) and (C) of this [paragraph,] *paragraph and of subparagraph (B) of paragraph (4) of this subsection*, the provisions of any proclamation made under paragraph (1) (B) of this subsection, and the provisions of any proclamation of suspension under paragraph [(4)] (5) of this subsection, shall be in effect from and after such time as is specified in the proclamation.

(B) In the case of any decrease in duty to which paragraph (2)

(D) of this subsection applies—

(i) if the total amount of the decrease under the foreign trade agreement does not exceed 15 per centum of the rate existing on January 1, 1955, the amount of decrease becoming initially effective at one time shall not exceed 5 per centum of the rate existing on January 1, 1955;

(ii) except as provided in clause (i), not more than one-third of the total amount of the decrease under the foreign trade agreement shall become initially effective at one time; and

(iii) no part of the decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year.

(C) No part of any decrease in duty to which the alternative specified in paragraph (2) (D) (i) of this subsection applies shall become initially effective after the expiration of the three-year period which begins on July 1, 1955. If any part of such decrease has become effective, then for purposes of this subparagraph any time thereafter during which such part of the decrease is not in effect by reason of legis-

lation of the United States or action thereunder shall be excluded in determining when the three-year period expires.

(D) If (in order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955) the President determines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed any limitation specified in paragraph (2) (C) or (D) or *paragraph (4) (A) or (B)* of this subsection or subparagraph (B) of this paragraph by not more than whichever of the following is lesser:

(i) The difference between the limitation and the next lower whole number, or

(ii) One-half of 1 per centum ad valorem.

In the case of a specific rate (or of a combination of rates which includes a specific rate), the one-half of 1 per centum specified in clause (ii) of the preceding sentence shall be determined in the same manner as the ad valorem equivalent of rates not stated wholly in ad valorem terms is determined for the purposes of paragraph (2) (D) (ii) of this subsection.

(4) (A) *No proclamation pursuant to paragraph (1) (B) of this subsection shall be made, in order to carry out a foreign trade agreement entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the following rates:*

(i) *The rate which would result from decreasing the rate existing on July 1, 1958, by 15 per centum of such rate.*

(ii) *Subject to paragraph (2) (B) of this subsection, the rate 2 per centum ad valorem below the rate existing on July 1, 1958.*

(iii) *The rate 50 per centum ad valorem or, in the case of any article subject to a specific rate of duty or to a combination of rates including a specific rate, any rate (or combination of rates), however stated, the ad valorem equivalent of which has been determined as 50 per centum ad valorem.*

The provisions of clauses (ii) and (iii) of this subparagraph and of subparagraph (B) (ii) of this paragraph shall, in the case of any article subject to a combination of ad valorem rates of duty, apply to the aggregate of such rates; and, in the case of any article subject to a specific rate of duty or to a combination of rates including a specific rate, such provisions shall apply on the basis of the ad valorem equivalent of such rate or rates, during a representative period (whether or not such period includes July 1, 1958), determined in the same manner as the ad valorem equivalent of rates not stated wholly in ad valorem terms is determined for the purpose of paragraph (2) (D) (ii) of this subsection.

(B) (i) *In the case of any decrease in duty to which clause (i) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than three annual stages, and no amount of decrease becoming initially effective at one time shall exceed 5 per centum of the rate of duty existing on July 1, 1958, or, in any case in which the rate has been increased since that date, exceed such 5 per centum or one-third of the total amount of the decrease under the foreign trade agreement, whichever is the greater.*

(ii) *In the case of any decrease in duty to which clause (ii) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than three annual stages, and no amount of decrease becoming initially effective at one time shall exceed 1 per centum ad valorem or, in any case in which the rate has been increased since*

July 1, 1958, exceed such 1 per centum or one-third of the total amount of the decrease under the foreign trade agreement, whichever is the greater.

(iii) In the case of any decrease in duty to which clause (iii) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than three annual stages, and no amount of decrease becoming initially effective at one time shall exceed one-third of the total amount of the decrease under the foreign trade agreement.

(C) In the case of any decrease in duty to which subparagraph (A) of this paragraph applies, no part of a decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year. No part of any decrease in duty to which the alternative specified in subparagraph (A) (i) of this paragraph applies shall become initially effective after the expiration of the three-year period which begins July 1, 1958. If any part of such decrease has become effective, then for the purposes of the preceding sentence any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the three-year period expires.

[(4)] (5) Subject to the provisions of section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362), duties and other import restrictions proclaimed pursuant to this section shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly or indirectly: *Provided*, That the President shall, as soon as practicable, suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purpose of this section.

[(5)] (6) The President may at any time terminate, in whole or in part, any proclamation made pursuant to this section.

(b) Nothing in this section shall be construed to prevent the application, with respect to rates of duty established under this section pursuant to agreements with countries other than Cuba, of the provisions of the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on December 11, 1902, or to preclude giving effect to an [exclusive] agreement with Cuba concluded under this section, modifying the existing preferential customs treatment of any article the growth, produce, or manufacture of Cuba. Nothing in this Act shall be construed to preclude the application to any product of Cuba (including products preferentially free of duty) of a rate of duty not higher than the rate applicable to the like products of other foreign countries (except the Philippines), whether or not the application of such rate involves any preferential customs treatment. No rate of duty on products of Cuba shall be decreased—

(1) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, by more than 50 per centum of the rate of duty existing on January 1, 1945, with respect to products of Cuba.

(2) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, below the applicable alternative specified in subsection (a) (2) (C) or (D) or (4) (A) (subject to the applicable provisions of subsection (a) (3)

(B), (C), and (D) *and* (4) (B) *and* (C)), each such alternative to be read for the purposes of this paragraph as relating to the rate of duty applicable to products of Cuba. With respect to products of Cuba, the limitation of subsection (a) (2) (D) (ii) *or* (4) (A) (iii) may be exceeded to such extent as may be required to maintain an absolute margin of preference to which such products are entitled.

(c) (1) As used in this section, the term "duties and other import restrictions" includes (A) rate and form of import duties and classification of articles, and (B) limitations, prohibitions, charges, and exactions other than duties, imposed on importation or imposed for the regulation of imports.

(2) For purposes of this section—

(A) Except as provided in subsection (d), the terms ["existing on January 1, 1945" and "existing on January 1, 1955"] "*existing on July 1, 1934*", "*existing on January 1, 1945*", "*existing on January 1, 1955*", and "*existing on July 1, 1958*" refer to rates of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on the date specified, except rates in effect by reason of action taken pursuant to section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362).

(B) The term "existing" without the specification of any date, when used with respect to any matter relating to the conclusion of, or proclamation to carry out, a foreign trade agreement, means existing on the day on which that trade agreement is entered into.

(d) (1) When any rate of duty has been increased or decreased for the duration of war or an emergency, by agreement or otherwise, any further increase or decrease shall be computed upon the basis of the post-war or post-emergency rate carried in such agreement or otherwise.

(2) Where under a foreign trade agreement the United States has reserved the unqualified right to withdraw or modify, after the termination of war or an emergency, a rate on a specific commodity, the rate on such commodity to be considered as "existing on January 1, 1945" for the purpose of this section shall be the rate which would have existed if the agreement had not been entered into.

(3) No proclamation shall be made pursuant to this section for the purpose of carrying out any foreign trade agreement the proclamation with respect to which has been terminated in whole by the President prior to the date this subsection is enacted.

(e) (1) The President shall submit to the Congress an annual report on the operation of the trade agreements program, including information regarding new negotiations, modifications made in duties and import restrictions of the United States, reciprocal concessions obtained, modifications of existing trade agreements in order to effectuate more fully the purposes of the trade agreements legislation (including the incorporation therein of escape clauses), *the results of action taken to obtain removal of foreign trade restrictions (including discriminatory restrictions) against United States exports, remaining restrictions, and the measures available to seek their removal in accordance with the objectives of this section*, and other information relating to that program and to the agreements entered into thereunder.

(2) The Tariff Commission shall at all times keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements heretofore or hereafter entered into by the President under the authority of this section. The Tariff Commission, at least once a year, shall submit to the Congress a factual report on the operation of the trade-agreements program.

(f) *It is hereby declared to be the sense of the Congress that the President, during the course of negotiating any foreign trade agreement under this section, should seek information and advice with respect to such agreement from representatives of industry, agriculture, and labor.*

TRADE AGREEMENTS EXTENSION ACT OF 1951

SEC. 3. (a) Before entering into negotiations concerning any proposed foreign trade agreement under section 350 of the Tariff Act of 1930, as amended, the President shall furnish the United States Tariff Commission (hereinafter in this Act referred to as the "Commission") with a list of all articles imported into the United States to be considered for possible modification of duties and other import restrictions, imposition of additional import restrictions, or continuance of existing customs or excise treatment. Upon receipt of such list the Commission shall make an investigation and report to the President the findings of the Commission with respect to each such article as to (1) the limit to which such modification, imposition, or continuance may be extended in order to carry out the purpose of such section 350 without causing or threatening serious injury to the domestic industry producing like or directly competitive articles; and (2) if increases in duties or additional import restrictions are required to avoid serious injury to the domestic industry producing like or directly competitive articles the minimum increases in duties or additional import restrictions required. Such report shall be made by the Commission to the President not later than [120 days] *six months* after the receipt of such list by the Commission. No such foreign trade agreement shall be entered into until the Commission has made its report to the President or until the expiration of the [120-day] *six-month* period.

(b) In the course of any investigation pursuant to this section the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. *If in the course of any such investigation the Commission shall find with respect to any article on the list upon which a tariff concession has been granted that an increase in duty or additional import restriction is required to avoid serious injury to the domestic industry producing like or directly competitive articles, the Commission shall promptly institute an investigation with respect to that article pursuant to section 7 of this Act.*

* * * * *

SEC. 7. (a) Upon the request of the President, upon resolution of either House of Congress, upon resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, upon its own motion, or upon application of any interested party (*including any organization or group of employees*), the United States Tariff Commission shall promptly make

an investigation and make a report thereon not later than [nine] *six* months after the application is made to determine whether any product upon which a concession has been granted under a trade agreement is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

In the course of any such investigation, whenever it finds evidence of serious injury or threat of serious injury or whenever so directed by resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, the Tariff Commission shall hold hearings giving reasonable public notice thereof and shall afford reasonable opportunity for interested parties to be present, to produce evidence, and to be heard at such hearings.

Should the Tariff Commission find, as the result of its investigation and hearings, that a product on which a concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products, it shall recommend to the President the withdrawal or modification of the concession, its suspension in whole or in part, or the establishment of import quotas, to the extent and for the time necessary to prevent or remedy such injury. The Tariff Commission shall immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and shall cause a summary thereof to be published in the Federal Register.

(b) In arriving at a determination in the foregoing procedure the Tariff Commission, without excluding other factors, shall take into consideration a downward trend of production, employment, prices, profits, or wages in the domestic industry concerned, or a decline in sales, an increase in imports, either actual or relative to domestic production, a higher or growing inventory, or a decline in the proportion of the domestic market supplied by domestic producers. Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed substantially towards causing or threatening serious injury to such industry.

[(c) Upon receipt of the Tariff Commission's report of its investigation and hearings, the President may make such adjustments in the rates of duty, impose such quotas, or make such other modifications as are found and reported by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry. If the President does not take such action within sixty days he shall immediately submit a report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate stating why he has not made such adjustments or modifications, or imposed such quotas.]

(c) (1) *Within thirty days after receipt of the Tariff Commission's recommendations, the President shall proclaim such adjustments in the rate or rates of duty, impose such quotas, or make such other modifications*

as are recommended by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, unless, prior to the expiration of such thirty days, the President shall have submitted a report to the Congress recommending that no such adjustments or modifications be made, or no such quotas be imposed, or recommending a rate of duty as an alternate to that recommended by the Tariff Commission, or recommending a quota as an alternate to that recommended by the Tariff Commission, or recommending a rate of duty as an alternate to a quota recommended by the Tariff Commission, or recommending a quota as an alternate to a rate of duty recommended by the Tariff Commission, as a means of preventing or remedying serious injury to the respective domestic industry, be adopted. If either the Senate or the House of Representatives, or both, are not in session at the time of such submission, such report shall be filed with the Secretary of the Senate or the Clerk of the House of Representatives, or both, as the case may be.

(2) If the President submits his report to the Congress while the Congress is in session and more than ninety days before the date on which the Congress adjourns sine die, he shall, within ninety days after the submission of such report, proclaim such adjustments, quotas, or other modifications as have been recommended by the Commission, unless, prior to the expiration of such ninety days, both Houses of Congress shall have adopted a concurrent resolution stating in effect that the Senate and House of Representatives approve the recommendations made by the President, in which event the President shall proclaim the recommendations so approved. If the President submits his report—

(A) when the Congress is not in session, or

(B) less than ninety days before the adjournment of the Congress sine die and the Congress before such adjournment has not acted on a concurrent resolution approving the recommendations made by the President,

the adjustment in the rate or rates, quotas, or other modifications specified in the recommendations of the Commission shall become effective ninety days after the date on which the next session of the Congress begins, unless during such ninety-day period the Congress, by concurrent resolution, shall have approved the President's recommendations.

(3) In any case of divided vote calling for the application of subsection (d) (1) of section 330 of the Tariff Act of 1930 (19 U. S. C., sec. 1330), as amended, the findings and recommendations of the Commission for the purposes of this subsection shall be the findings and recommendations of that group within the Commission which recommends the greatest measure of relief (as specified by the President in his report to the Congress pursuant to paragraph (1)), and which the President is authorized to consider as the findings and recommendations of the Commission under such section 330.

(d) When in the judgment of the Tariff Commission no sufficient reason exists for a recommendation to the President that a concession should be withdrawn or modified or a quota established, it shall make and publish a report stating its findings and conclusions.

(e) As used in this Act, the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competi-

tive products or articles in commercial quantities. In applying the preceding sentence, the Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles referred to in such sentence from the operations of such organizations involving other products or articles.

(f) *In carrying out the provisions of this section the President may, notwithstanding section 350 (a) (2) of the Tariff Act of 1930, as amended, impose a duty not in excess of 50 per centum ad valorem on any article not otherwise subject to duty.*

SECTION 2 OF THE ACT OF JULY 1, 1954 (19 U. S. C., SEC. 1352a)

[SEC. 2. (a) No action shall be taken pursuant to such section 350 to decrease the duty on any article if the President finds that such reduction would threaten domestic production needed for projected national defense requirements.

[(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds that the article is being imported into the United States in such quantities as to threaten to impair the national security, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security.]

SEC. 2. (a) No action shall be taken pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), to decrease the duty on any article if the President finds that such reduction would threaten to impair the national security.

(b) Upon request of the head of any Department or Agency, upon application of an interested party, or upon his own motion, the Director of the Office of Defense Mobilization (hereinafter in this section referred to as the "Director") shall immediately make an appropriate investigation, in the course of which he shall seek information and advice from other appropriate Departments and Agencies, to determine the effects on the national security of imports of the article which is the subject of such request, application, or motion. If, as a result of such investigation, the Director is of the opinion that the said article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall promptly so advise the President, and, unless the President determines that the article is not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security as set forth in this section, he shall take such action, and for such time, as he deems necessary to adjust the imports of such article and its derivatives so that such imports will not so threaten to impair the national security.

(c) *For the purposes of this section, the Director and the President shall, in the light of the requirements of national security and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the importation of goods in terms of their quantities, availabilities, character, and use as those affect such industries and the capacity of the United States to meet national security requirements. In the administration of this section, the Director and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries; and any unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security.*

(d) *A report shall be made and published upon the disposition of each request, application, or motion under subsection (b). The Director shall publish procedural regulations to give effect to the authority conferred on him by subsection (b).*

(e) *The Director, with the advice and consultation of other appropriate Departments and Agencies and with the approval of the President, shall by February 1, 1959, submit to the Congress a report on the administration of this section. In preparing such a report, an analysis should be made of the nature of projected national defense requirements, the character of emergencies that may give rise to such requirements, the manner in which the capacity of the economy to satisfy such requirements can be judged, the alternative means of assuring such capacity and related matters.*



Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

[Report No. 1838]

IN THE SENATE OF THE UNITED STATES

JUNE 12, 1958

Read twice and referred to the Committee on Finance

JULY 15, 1958

Reported by Mr. BYRD, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Trade Agreements Ex-
4 tension Act of 1958".

5 SEC. 2. The period during which the President is au-
6 thorized to enter into foreign trade agreements under section
7 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec.
8 1351), is hereby extended from the close of June 30, 1958,
9 until the close of June 30, ~~1963~~ 1961.

1 SEC. 3. (a) Subsection (a) of section 350 of the Tariff
2 Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is
3 amended as follows:

4 (1) Paragraph (2) (A) is amended by striking out
5 “January 1, 1945” and by inserting in lieu thereof “July 1,
6 1934”.

7 (2) Paragraph (2) (D) is amended by inserting “and
8 before July 1, 1958,” after “June 12, 1955,”.

9 (3) The last sentence of paragraph (2) (D) (ii) is
10 amended by striking out “section 402 of this Act (as in
11 effect” and inserting in lieu thereof “section 402 or 402a
12 of this Act (as in effect, with respect to the article con-
13 cerned,”.

14 (4) Paragraph (2) is amended by adding at the end
15 thereof the following new subparagraph:

16 “(E) In order to carry out a foreign trade agree-
17 ment entered into by the President on or after July 1,
18 1958, decreasing any rate of duty below the lowest of
19 the rates provided for in paragraph (4) (A) of this
20 subsection.”

21 (5) Paragraph (3) (A) is amended (A) by striking
22 out “of subparagraphs (B) and (C) of this paragraph,”
23 and by inserting in lieu thereof “of subparagraphs (B) and
24 (C) of this paragraph and of subparagraph (B) of para-
25 graph (4) of this subsection,” and (B) by striking out

1 “suspension under paragraph (4)” and by inserting in lieu
2 thereof “suspension under paragraph (5)”.

3 (6) Paragraph (3) (D) is amended by striking out
4 “paragraph (2) (C) or (D)” and by inserting in lieu
5 thereof “paragraph (2) (C) or (D) or paragraph (4)
6 (A) or (B)”.

7 (7) Paragraphs (4) and (5) are renumbered as para-
8 graphs (5) and (6), respectively.

9 (8) Subsection (a) is amended by inserting after
10 paragraph (3) the following new paragraph:

11 “(4) (A) No proclamation pursuant to paragraph (1)
12 (B) of this subsection shall be made, in order to carry out
13 a foreign trade agreement entered into by the President on
14 or after July 1, 1958, decreasing any rate of duty below
15 the lowest of the following rates:

16 “(i) The rate which would result from decreasing
17 the rate existing on July 1, 1958, by ~~25~~ 15 per centum
18 of such rate.

19 “(ii) Subject to paragraph (2) (B) of this sub-
20 section, the rate 2 per centum ad valorem below the
21 rate existing on July 1, 1958.

22 “(iii) The rate 50 per centum ad valorem or, in
23 the case of any article subject to a specific rate of duty
24 or to a combination of rates including a specific rate,
25 any rate (or combination of rates), however stated, the

1 ad valorem equivalent of which has been determined as
2 50 per centum ad valorem.

3 The provisions of clauses (ii) and (iii) of this subparagraph
4 and of subparagraph (B) (ii) of this paragraph shall, in the
5 case of any article subject to a combination of ad valorem
6 rates of duty, apply to the aggregate of such rates; and, in
7 the case of any article subject to a specific rate of duty or
8 to a combination of rates including a specific rate, such
9 provisions shall apply on the basis of the ad valorem
10 equivalent of such rate or rates, during a representative
11 period (whether or not such period includes July 1, 1958),
12 determined in the same manner as the ad valorem equivalent
13 of rates not stated wholly in ad valorem terms is determined
14 for the purpose of paragraph (2) (D) (ii) of this sub-
15 section.

16 “(B) (i) In the case of any decrease in duty to which
17 clause (i) of subparagraph (A) of this paragraph applies,
18 such decrease shall become initially effective in not more
19 than ~~five~~ *three* annual stages, and no amount of decrease
20 becoming initially effective at one time shall exceed ~~40~~ 5 per
21 centum of the rate of duty existing on July 1, 1958, or, in
22 any case in which the rate has been increased since that
23 date, exceed such ~~40~~ 5 per centum or one-third of the total
24 amount of the decrease under the foreign trade agreement,
25 whichever is the greater.

1 “(ii) In the case of any decrease in duty to which clause
2 (ii) of subparagraph (A) of this paragraph applies, such
3 decrease shall become initially effective in not more than
4 *five three* annual stages, and no amount of decrease becoming
5 initially effective at one time shall exceed 1 per centum
6 ad valorem or, in any case in which the rate has been in-
7 creased since July 1, 1958, exceed such 1 per centum or
8 one-third of the total amount of the decrease under the foreign
9 trade agreement, whichever is the greater.

10 “(iii) In the case of any decrease in duty to which
11 clause (iii) of subparagraph (A) of this paragraph applies,
12 such decrease shall become initially effective in not more
13 than *five three* annual stages, and no amount of decrease
14 becoming initially effective at one time shall exceed one-third
15 of the total amount of the decrease under the foreign trade
16 agreement.

17 ~~“(C) In the case of any decrease in duty to which sub-~~
18 ~~paragraph (A) of this paragraph applies, no part of a de-~~
19 ~~crease after the first part shall become initially effective (i)~~
20 ~~until the immediately previous part shall have been in effect~~
21 ~~for a period or periods aggregating not less than one year,~~
22 ~~nor (ii) after the first part shall have been in effect for a~~
23 ~~period or periods aggregating more than four years. If~~
24 ~~any part of a decrease has become effective, then any time~~
25 ~~thereafter during which such part of the decrease is not in~~

1 effect by reason of legislation of the United States or action
 2 thereunder shall be excluded in determining when the four-
 3 year period expires.”

4 “(C) In the case of any decrease in duty to which sub-
 5 paragraph (A) of this paragraph applies, no part of a
 6 decrease after the first part shall become initially effective
 7 until the immediately previous part shall have been in effect
 8 for a period or periods aggregating not less than one year.
 9 No part of any decrease in duty to which the alternative
 10 specified in subparagraph (A) (i) of this paragraph applies
 11 shall become initially effective after the expiration of the
 12 three-year period which begins July 1, 1958. If any part
 13 of such decrease has become effective, then for the purposes
 14 of the preceding sentence any time thereafter during which
 15 such part of the decrease is not in effect by reason of legisla-
 16 tion of the United States or action thereunder shall be ex-
 17 cluded in determining when the three-year period expires.”

18 (b) Subsection (b) of section 350 of the Tariff Act of
 19 1930, as amended (19 U. S. C., sec. 1351 (b)), is amended
 20 (1) by striking out “exclusive” in the first sentence, and
 21 (2) by amending paragraph (2) to read as follows:
 22 “(2) In order to carry out a foreign trade agree-
 23 ment entered into by the President on or after June 12,
 24 1955, below the applicable alternative specified in sub-
 25 section (a) (2) (C) or (D) or (4) (A) (subject

1 to the applicable provisions of subsection (a) (3) (B),
2 (C), and (D) and (4) (B) and (C)), each such
3 alternative to be read for the purposes of this paragraph
4 as relating to the rate of duty applicable to products of
5 Cuba. With respect to products of Cuba, the limitation
6 of subsection (a) (2) (D) (ii) or (4) (A) (iii)
7 may be exceeded to such extent as may be required to
8 maintain an absolute margin of preference to which such
9 products are entitled.”

10 (c) Paragraph (2) (A) of subsection (c) of section
11 350 of the Tariff Act of 1930, as amended (19 U. S. C.,
12 sec. 1351 (c) (2) (A)), is amended by striking out
13 “‘existing on January 1, 1945’ and ‘existing on January 1,
14 1955’ ” and by inserting in lieu thereof “ ‘existing on July 1,
15 1934’, ‘existing on January 1, 1945’, ‘existing on January 1,
16 1955’, and ‘existing on July 1, 1958’ ”.

17 (d) Paragraph (1) of subsection (e) of section 350
18 of the Tariff Act of 1930, as amended (19 U. S. C., sec.
19 1351 (e) (1)), is amended by inserting after “(including
20 the incorporation therein of escape clauses),” the following:
21 “the results of action taken to obtain removal of foreign trade
22 restrictions (including discriminatory restrictions) against
23 United States exports, remaining restrictions, and the meas-
24 ures available to seek their removal in accordance with the
25 objectives of this section,”.

1 (e) Section 350 of the Tariff Act of 1930, as amended
2 (19 U. S. C., sec. 1351), is amended by adding at the end
3 thereof the following new subsection:

4 “(f) It is hereby declared to be the sense of the Con-
5 gress that the President, during the course of negotiating
6 any foreign trade agreement under this section, should seek
7 information and advice with respect to such agreement from
8 representatives of industry, agriculture, and labor.”

9 SEC. 4. (a) The third sentence of subsection (a) of sec-
10 tion 3 of the Trade Agreements Extension Act of 1951,
11 as amended (19 U. S. C., sec. 1360 (a)), is amended by
12 striking out “120 days” and inserting in lieu thereof “six
13 months”. The last sentence of such subsection is amended
14 by striking out “120-day” and inserting in lieu thereof
15 “six-month”.

16 (b) Subsection (b) of section 3 of the Trade Agree-
17 ments Extension Act of 1951, as amended (19 U. S. C.,
18 sec. 1360 (b)), is amended by adding at the end thereof
19 the following new sentence: “If in the course of any such
20 investigation the Commission shall find with respect to any
21 article on the list upon which a tariff concession has been
22 granted that an increase in duty or additional import re-
23 striction is required to avoid serious injury to the domestic
24 industry producing like or directly competitive articles, the

1 Commission shall promptly institute an investigation with
2 respect to that article pursuant to section 7 of this Act.”

3 SEC. 5. (a) The first paragraph of subsection (a) of
4 section 7 of the Trade Agreements Extension Act of 1951,
5 as amended (19 U. S. C., sec. 1364 (a)), is amended by
6 striking out “any interested party” and inserting in lieu
7 thereof “any interested party (including any organization
8 or group of employees)”.

9 (b) (1) The first paragraph of section 7 (a) of such
10 Act is amended by striking out “nine months” and inserting
11 in lieu thereof “six months”.

12 (2) The amendment made by paragraph (1) shall
13 apply only with respect to applications made after the date
14 of the enactment of this Act.

15 (c) Section 7 of the Trade Agreements Extension Act
16 of 1951, as amended (19 U. S. C., sec. 1364), is amended
17 by adding at the end thereof the following new subsection:

18 “(f) In carrying out the provisions of this section the
19 President may, notwithstanding section 350 (a) (2) of the
20 Tariff Act of 1930, as amended, impose a duty not in excess
21 of 50 per centum ad valorem on any article not otherwise
22 subject to duty.”

23 SEC. 6. Subsection (c) of section 7 of the Trade Agree-

1 ments Extension Act of 1951, as amended (19 U. S. C.,
 2 sec. 1364 (c)), is amended by inserting “(1)” after “(c)”
 3 at the beginning thereof, and by adding at the end thereof
 4 the following:

5 “(2) The action so found and reported by the Com-
 6 mission to be necessary shall take effect (as provided in the
 7 first sentence of paragraph (1) or in paragraph (3), as
 8 the case may be)—

9 “(A) if approved by the President, or

10 “(B) if disapproved by the President in whole or
 11 in part, upon the adoption by both Houses of the Con-
 12 gress (within the 60-day period following the date on
 13 which the report referred to in the second sentence of
 14 paragraph (1) is submitted to such committees), by the
 15 yeas and nays by a two-thirds vote of each House, of
 16 a concurrent resolution stating in effect that the Senate
 17 and House of Representatives approve the action so
 18 found and reported by the Commission to be necessary.
 19 For the purposes of subparagraph (B), in the computation
 20 of the 60-day period there shall be excluded the days on
 21 which either House is not in session because of an adjourn-
 22 ment of more than 3 days to a day certain or an adjournment
 23 of the Congress sine die.

24 “(3) In any case in which the contingency set forth
 25 in paragraph (2) (B) occurs, the President shall (within

1 15 days after the adoption of such resolution) take such
 2 action as may be necessary to make the adjustments, im-
 3 pose the quotas, or make such other modifications as were
 4 found and reported by the Commission to be necessary.”

5 SEC. 7. (a) The following subsections of this section are
 6 enacted by the Congress:

7 (1) As an exercise of the rulemaking power of the
 8 Senate and the House of Representatives, respectively,
 9 and as such they shall be considered as part of the rules
 10 of each House, respectively, but applicable only with
 11 respect to the procedure to be followed in such House in
 12 the case of resolutions (as defined in subsection (b));
 13 and such rules shall supersede other rules only to the
 14 extent that they are inconsistent therewith; and

15 (2) With full recognition of the constitutional right
 16 of either House to change such rules (so far as relating
 17 to the procedure in such House) at any time, in the same
 18 manner and to the same extent as in the case of any other
 19 rule of such House.

20 (b) As used in this section, the term “resolution” means
 21 only a concurrent resolution of the two Houses of Congress,
 22 the matter after the resolving clause of which is as follows:
 23 “That the Senate and House of Representatives approved the
 24 action—

25 “(1) found and reported by the United States

1 Tariff Commission to be necessary to prevent or remedy
2 serious injury to the respective domestic industry; in its
3 report to the President dated _____, 19____, on
4 its escape-clause investigation numbered _____ under the
5 provisions of section 7 of the Trade Agreements Extension
6 Act of 1951, as amended (19 U. S. C., sec. 1364),
7 and

8 “~~(2)~~ disapproved by the President in whole or in
9 part in his report (dated , 19) pursuant to
10 the second sentence of paragraph ~~(1)~~ of section 7 (c)
11 of such Act.”

12 the blank spaces therein being appropriately filled; and does
13 not include a concurrent resolution which specifies more than
14 one such investigation.

~~(c)~~ A resolution with respect to an investigation shall be referred to the Committee on Finance of the Senate or to the Committee on Ways and Means of the House of Representatives by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

(d) (1) If the committee to which has been referred
a resolution with respect to an investigation has not reported
it before the expiration of ten calendar days after its intro-
duction (or, in the case of a resolution received from the
other House, ten calendar days after its receipt), it shall
then (but not before) be in order to move either to dis-

1 charge the committee from further consideration of such
2 resolution, or to discharge the committee from further con-
3 sideration of any other resolution with respect to such in-
4 vestigation which has been referred to the committee.

5 ~~(2)~~ Such motion may be made only by a person favor-
6 ing the resolution, shall be highly privileged ~~(except that it~~
7 may not be made after the committee has reported a resolu-
8 tion with respect to the same investigation), and debate
9 thereon shall be limited to not to exceed one hour, to be equally
10 divided between those favoring and those opposing the reso-
11 lution. No amendment to such motion shall be in order,
12 and it shall not be in order to move to reconsider the vote
13 by which such motion is agreed to or disagreed to.

14 ~~(3)~~ If the motion to discharge is agreed to or disagreed
15 to, such motion may not be renewed, nor may another mo-
16 tion to discharge the committee be made with respect to
17 any other resolution with respect to the same investigation.

18 ~~(c)~~ ~~(1)~~ When the committee has reported, or has been
19 discharged from further consideration of, a resolution with
20 respect to an investigation it shall at any time thereafter be
21 in order ~~(even though a previous motion to the same effect~~
22 has been disagreed to) to move to proceed to the considera-
23 tion of such resolution. Such motion shall be highly privi-
24 leged and shall not be debatable. No amendment to such
25 motion shall be in order and it shall not be in order to move

1 to reconsider the vote by which such motion is agreed to or
2 disagreed to.

3 ~~(2)~~ Debate on the resolution shall be limited to not to
4 exceed ten hours, which shall be equally divided between
5 those favoring and those opposing the resolution. A motion
6 further to limit debate shall not be debatable. No amend-
7 ment to, or motion to recommit, the resolution shall be in
8 order, and it shall not be in order to move to reconsider the
9 vote by which the resolution is agreed to or disagreed to.

10 ~~(f)~~ ~~(1)~~ All motions to postpone, made with respect to
11 the discharge from committee, or the consideration of, a reso-
12 lution with respect to an investigation, and all motions to
13 proceed to the consideration of other business, shall be
14 decided without debate.

15 ~~(2)~~ All appeals from the decisions of the Chair relating
16 to the application of the rules of the Senate or the House of
17 Representatives, as the case may be, to the procedure re-
18 lating to a resolution with respect to an investigation shall
19 be decided without debate.

20 ~~(g)~~ If, prior to the passage by one House of a resolu-
21 tion of that House with respect to an investigation, such
22 House receives from the other House a resolution with re-
23 spect to the same investigation, then—

24 ~~(1)~~ If no resolution of the first House with respect
25 to such investigation has been referred to committee,

no other resolution with respect to the same investigation may be reported or ~~(despite the provisions of subsection (d) (1))~~ be made the subject of a motion to discharge.

~~(2)~~ If a resolution of the first House with respect to such investigation has been referred to committee—

~~(A)~~ the procedure with respect to that or other resolutions of such House with respect to such investigation which have been referred to committee shall be the same as if no resolution from the other House with respect to such investigation had been received; but

~~(B)~~ on any vote on final passage of a resolution of the first House with respect to such investigation the resolution from the other House with respect to such investigation shall be automatically substituted for the resolution of the first House.

SEC. 6. Subsection (c) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (c)), is amended to read as follows:

“(c) (1) Within thirty days after receipt of the Tariff Commission’s recommendations, the President shall proclaim such adjustments in the rate or rates of duty, impose such quotas, or make such other modifications as are recommended by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry,

1 unless, prior to the expiration of such thirty days, the Presi-
2 dent shall have submitted a report to the Congress recom-
3 mending that no such adjustments or modifications be made,
4 or no such quotas be imposed, or recommending a rate of
5 duty as an alternate to that recommended by the Tariff
6 Commission, or recommending a quota as an alternate to that
7 recommended by the Tariff Commission, or recommending
8 a rate of duty as an alternate to a quota recommended by
9 the Tariff Commission, or recommending a quota as an
10 alternate to a rate of duty recommended by the Tariff Com-
11 mission, as a means of preventing or remedying serious
12 injury to the respective domestic industry, be adopted. If
13 either the Senate or the House of Representatives, or both,
14 are not in session at the time of such submission, such report
15 shall be filed with the Secretary of the Senate or the Clerk
16 of the House of Representatives, or both, as the case may be.

17 “(2)• If the President submits his report to the Congress
18 while the Congress is in session and more than ninety days
19 before the date on which the Congress adjourns sine die, he
20 shall, within ninety days after the submission of such report,
21 proclaim such adjustments, quotas, or other modifications as
22 have been recommended by the Commission, unless, prior to
23 the expiration of such ninety days, both Houses of Congress
24 shall have adopted a concurrent resolution stating in effect

1 that the Senate and House of Representatives approve the
 2 recommendations made by the President, in which event the
 3 President shall proclaim the recommendations so approved.
 4 If the President submits his report—

5 “(A) when the Congress is not in session, or

6 “(B) less than ninety days before the adjournment
 7 of the Congress sine die and the Congress before such
 8 adjournment has not acted on a concurrent resolution
 9 approving the recommendations made by the President,
 10 the adjustment in the rate or rates, quotas, or other modifica-
 11 tions specified in the recommendations of the Commission
 12 shall become effective ninety days after the date on which
 13 the next session of the Congress begins, unless during such
 14 ninety-day period the Congress, by concurrent resolution,
 15 shall have approved the President’s recommendations.

16 “(3) In any case of divided vote calling for the appli-
 17 cation of subsection (d) (1) of section 330 of the Tariff
 18 Act of 1930 (19 U. S. C., sec. 1330), as amended, the
 19 findings and recommendations of the Commission for the
 20 purposes of this subsection shall be the findings and recom-
 21 mendations of that group within the Commission which rec-
 22 ommends the greatest measure of relief (as specified by the
 23 President in his report to the Congress pursuant to para-

1 graph (1)), and which the President is authorized to con-
 2 sider as the findings and recommendations of the Commis-
 3 sion under such section 330.”

4 SEC. 7. (a) The following subsections of this section are
 5 enacted by the Congress:

6 (1) As an exercise of the rulemaking power of the
 7 Senate and the House of Representatives, respectively,
 8 and as such they shall be considered as part of the rules
 9 of each House, respectively, but applicable only with
 10 respect to the procedure to be followed in such House in
 11 the case of resolutions (as defined in subsection (b));
 12 and such rules shall supersede other rules only to the
 13 extent that they are inconsistent therewith; and

14 (2) With full recognition of the constitutional right
 15 of either House to change such rules (so far as relating
 16 to the procedures in such House) at any time, in the same
 17 manner and to the same extent as in the case of any other
 18 rule of such House.

19 (b) As used in this section the term “resolution” means
 20 only a concurrent resolution of the two Houses of Congress,
 21 the matter after the resolving clause of which is as follows
 22 (with appropriate changes to cover the situation referred to
 23 in section 7 (c) (3) of the Trade Agreements Extension
 24 Act of 1951, as amended by the Trade Agreements Extension
 25 Act of 1958): “That the Senate and House of Representa-

1 *tives approve the action recommended by the President in his*
2 *report (dated , 19) pursuant to paragraph (1)*
3 *of section 7 (c) of the Trade Agreements Extension Act of*
4 *1951, as amended, disapproving in whole or in part the*
5 *action found and reported by the United States Tariff Com-*
6 *mission to be necessary to prevent or remedy serious injury*
7 *to the respective domestic industry, in its report to the Presi-*
8 *dent dated , 19 , on its escape clause investi-*
9 *gation numbered under the provisions of section 7 of such*
10 *Act.”, the blank spaces therein being appropriately filled; and*
11 *does not include a concurrent resolution which specifies more*
12 *than one such investigation.*

13 *(c) A resolution with respect to an investigation shall*
14 *be referred to the Committee on Finance of the Senate or to*
15 *the Committee on Ways and Means of the House of Rep-*
16 *resentatives by the President of the Senate or the Speaker of*
17 *the House of Representatives, as the case may be.*

18 *(d) (1) If the committee to which has been referred*
19 *a resolution with respect to an investigation has not reported*
20 *it before the expiration of ten calendar days after its intro-*
21 *duction (or, in the case of a resolution received from the*
22 *other House, ten calendar days after its receipt), it shall*
23 *then (but not before) be in order to move either to dis-*
24 *charge the committee from further consideration of such*
25 *resolution, or to discharge the committee from further con-*

1 *sideration of any other resolution with respect to such in-*
2 *vestigation which has been referred to the committee.*

3 (2) *Such motion may be made only by a person favor-*
4 *ing the resolution, shall be highly privileged (except that it*
5 *may not be made after the committee has reported a resolu-*
6 *tion with respect to the same investigation), and debate*
7 *thereon shall be limited to not to exceed one hour, to be equally*
8 *divided between those favoring and those opposing the reso-*
9 *lution. No amendment to such motion shall be in order,*
10 *and it shall not be in order to move to reconsider the vote*
11 *by which such motion is agreed to or disagreed to.*

12 (3) *If the motion to discharge is agreed to or disagreed*
13 *to, such motion may not be renewed, nor may another mo-*
14 *tion to discharge the committee be made with respect to any*
15 *other resolution with respect to the same investigation.*

16 (e) (1) *When the committee has reported, or has been*
17 *discharged from further consideration of, a resolution with*
18 *respect to an investigation it shall at any time thereafter be*
19 *in order (even though a previous motion to the same effect*
20 *has been disagreed to) to move to proceed to the considera-*
21 *tion of such resolution. Such motion shall be highly privi-*
22 *leged and shall not be debatable. No amendment to such*
23 *motion shall be in order and it shall not be in order to move*

1 to reconsider the vote by which such motion is agreed to or
2 disagreed to.

3 (2) Debate on the resolution shall be limited to not to
4 exceed ten hours, which shall be equally divided between
5 those favoring and those opposing the resolution. A motion
6 further to limit debate shall not be debatable. No amend-
7 ment to, or motion to recommit, the resolution shall be in
8 order, and it shall not be in order to move to reconsider the
9 vote by which the resolution is agreed to or disagreed to.

10 (f) (1) All motions to postpone, made with respect to
11 the discharge from committee, or the consideration of, a reso-
12 lution with respect to an investigation, and all motions to
13 proceed to the consideration of other business, shall be
14 decided without debate.

15 (2) All appeals from the decisions of the Chair relating
16 to the application of the rules of the Senate or the House of
17 Representatives, as the case may be, to the procedure
18 relating to a resolution with respect to an investigation shall
19 be decided without debate.

20 (g) If, prior to the passage by one House of a resolu-
21 tion of that House with respect to an investigation, such
22 House receives from the other House a resolution with re-
23 spect to the same investigation, then—

1 (1) If no resolution of the first House with respect
 2 to such investigation has been referred to committee,
 3 no other resolution with respect to the same investigation
 4 may be reported or (despite the provisions of subsection
 5 (d) (1)) be made the subject of a motion to discharge.

6 (2) If a resolution of the first House with respect
 7 to such investigation has been referred to committee—

8 (A) the procedure with respect to that or other
 9 resolutions of such House with respect to such in-
 10 vestigation which have been referred to committee
 11 shall be the same as if no resolution from the other
 12 House with respect to such investigation had been
 13 received; but

14 (B) on any vote on final passage of a resolution
 15 of the first House with respect to such investigation
 16 the resolution from the other House with respect to
 17 such investigation shall be automatically substituted
 18 for the resolution of the first House.

19 SEC. 8. (a) Section 2 of the Act entitled “An Act to
 20 extend the authority of the President to enter into trade
 21 agreements under section 350 of the Tariff Act of 1930, as
 22 amended”, approved July 1, 1954, as amended by section
 23 7 of the Trade Agreements Extension Act of 1955 (19
 24 U. S. C., sec. 1352a), is amended to read as follows:

25 “SEC. 2. (a) No action shall be taken pursuant to sec-

1 tion 350 of the Tariff Act of 1930, as amended (19
2 U. S. C., sec. 1351), to decrease the duty on any article if
3 the President finds that such reduction would threaten to
4 impair the national security.

5 “(b) Upon request of the head of any Department or
6 Agency, upon application of an interested party, or upon
7 his own motion, the Director of the Office of Defense Mobili-
8 zation (hereinafter in this section referred to as the ‘Direc-
9 tor’) shall immediately make an appropriate investigation,
10 in the course of which he shall seek information and advice
11 from other appropriate Departments and Agencies, to deter-
12 mine the effects on the national security of imports of the arti-
13 cle which is the subject of such request, application, or motion.
14 If, as a result of such investigation, the Director is of the
15 opinion that the said article is being imported into the
16 United States in such quantities or under such circumstances
17 as to threaten to impair the national security, he shall
18 promptly so advise the President, and, if *unless* the Presi-
19 dent determines that the article is *not* being imported into
20 the United States in such quantities or under such circum-
21 stances as to threaten to impair the national security *as set*
22 *forth in this section*, he shall take such action, and for such
23 time, as he deems necessary to adjust the imports of such
24 article *and its derivatives* so that such imports will not so
25 threaten to impair the national security.

1 “(c) For the purposes of this section, the Director and
2 the President shall, in the light of the requirements of na-
3 tional security and without excluding other relevant factors,
4 give consideration to domestic production needed for pro-
5 jected national defense requirements, the capacity of domes-
6 tic industries to meet such requirements, existing and antic-
7 ipated availabilities of the human resources, products, raw
8 materials, and other supplies and services essential to the
9 national defense, the requirements of growth of such indus-
10 tries and such supplies and services including the invest-
11 ment, exploration, and development necessary to assure such
12 growth, and the importation of goods in terms of their
13 quantities, availabilities, character, and use as those affect
14 such industries and the capacity of the United States to meet
15 national security requirements. *In the administration of*
16 *this section, the Director and the President shall further*
17 *recognize the close relation of the economic welfare of the*
18 *Nation to our national security, and shall take into consid-*
19 *eration the impact of foreign competition on the economic*
20 *welfare of individual domestic industries; and any unemploy-*
21 *ment, decrease in revenues of government, loss of skills or*
22 *investment, or other serious effects resulting from the dis-*
23 *placement of any domestic products by excessive imports shall*
24 *be considered, without excluding other factors, in determining*

1 *whether such weakening of our internal economy may impair*
2 *the national security.*

3 “(d) A report shall be made and published upon the
4 disposition of each request, application, or motion under
5 subsection (b). The Director shall publish procedural regu-
6 lations to give effect to the authority conferred on him by
7 subsection (b).

8 “(e) The Director, with the advice and consultation of
9 other appropriate Departments and Agencies and with the
10 approval of the President, shall by February 1, 1959, submit
11 to the Congress a report on the administration of this section.
12 In preparing such a report, an analysis should be made of
13 the nature of projected national defense requirements, the
14 character of emergencies that may give rise to such require-
15 ments, the manner in which the capacity of the economy to
16 satisfy such requirements can be judged, the alternative
17 means of assuring such capacity and related matters.”

18 (b) The amendment made by subsection (a) shall not
19 affect any action taken or determinations made before the
20 date of the enactment of this Act.

21 SEC. 9. (a) Subsection (a) of section 333 of the Tariff
22 Act of 1930 (19 U. S. C., sec. 1333 (a)) is amended to
23 read as follows:

24 “(a) **AUTHORITY TO OBTAIN INFORMATION.**—For the

1 purposes of carrying out its functions and duties in connection
2 with any investigation authorized by law, the commission
3 or its duly authorized agent or agents (1) shall have access
4 to and the right to copy any document, paper, or record,
5 pertinent to the subject matter under investigation, in the
6 possession of any person, firm, copartnership, corporation,
7 or association engaged in the production, importation, or dis-
8 tribution of any article under investigation, (2) may sum-
9 mon witnesses, take testimony, and administer oaths, (3)
10 may require any person, firm, copartnership, corporation,
11 or association to produce books or papers relating to any
12 matter pertaining to such investigation, and (4) may require
13 any person, firm, copartnership, corporation, or association
14 to furnish in writing, in such detail and in such form as the
15 commission may prescribe, information in their possession
16 pertaining to such investigation. Any member of the com-
17 mission may sign subpoenas, and members and agents of the
18 commission, when authorized by the commission, may admin-
19 ister oaths and affirmations, examine witnesses, take testi-
20 mony, and receive evidence.”

21 (b) Subsection (d) of section 333 of the Tariff Act of
22 1930 (19 U. S. C., sec. 1333 (d)) is amended by striking
23 out “under Part II of this title” and inserting in lieu thereof
24 “before the commission”.

25 (c) (1) Subsection (a) of section 336 of the Tariff Act

1 of 1930 (19 U. S. C., sec. 1336 (a)) is amended by striking
 2 out the third sentence thereof. The first sentence of subsec-
 3 tion (c) of section 337 of the Tariff Act of 1930 (19
 4 and in accordance with such rules as it may promulgate”.

5 (2) Part II of title III of the Tariff Act of 1930 (19
 6 U. S. C., sec. 1337 (c)) is amended by striking out “under
 7 U. S. C., sec. 1330, et seq.) is amended by inserting after
 8 section 334 the following new section:

9 **“SEC. 335. RULES AND REGULATIONS.**

10 “The commission is authorized to adopt such reasonable
 11 procedures and rules and regulations as it deems necessary to
 12 carry out its functions and duties.”

13 SEC. 10. The enactment of this Act shall not be con-
 14 strued to determine or indicate the approval or disapproval
 15 by the Congress of the executive agreement known as the
 16 General Agreement on Tariffs and Trade.

17 *SEC. 11. (a) There is hereby established a bipartisan*
 18 *commission to be known as the Commission on International*
 19 *Trade Agreement Policy.*

20 *(b) (1) The Commission shall be composed of nine*
 21 *members as follows:*

22 *(A) three appointed by the President of the United*
 23 *States none of whom shall be from the executive branch*
 24 *of the Government;*

1 (B) three appointed from the Finance Committee
2 of the Senate by the Vice President; and

3 (C) three appointed from the Committee on Ways
4 and Means of the House of Representatives by the
5 Speaker of the House of Representatives.

6 (2) No more than two members from each class shall be
7 from the same political party.

8 (c) The Commission shall elect a chairman and vice
9 chairman from among its members.

10 (d) Six members of the Commission (including at least
11 four who are Members of Congress) shall constitute a quorum.

12 (e) (1) Members of Congress who are members of the
13 Commission shall serve without compensation in addition to
14 that received for their services as Members of Congress; but
15 they shall be reimbursed for travel, subsistence, and other
16 necessary expenses incurred by them in the performance of
17 the duties vested in the Commission.

18 (2) The members from private life shall receive not to
19 exceed \$75 per diem when engaged in the performance of
20 duties vested in the Commission, plus reimbursement for
21 travel, subsistence, and other necessary expenses incurred by
22 them in the performance of such duties.

23 (f) (1) The Commission may appoint such personnel
24 as it deems advisable, without regard to the civil service laws,

1 and shall fix the compensation of such personnel in accord-
2 ance with the Classification Act of 1949, as amended. The
3 Commission may procure temporary and intermittent services
4 in accordance with section 15 of the Act of August 2, 1946
5 (5 U. S. C., sec. 55a), but at rates not to exceed \$75 per
6 diem for individuals. The Commission may reimburse em-
7 ployees, experts, and consultants for travel, subsistence, and
8 other necessary expenses incurred by them in the perform-
9 ance of their official duties and make reasonable advances
10 to such persons for such purposes.

11 (2) Except for members of the Commission appointed
12 by the Vice President or the Speaker of the House, service of
13 an individual as a member of the Commission, employment
14 of an individual pursuant to the first sentence of paragraph
15 (1), and service by a person pursuant to the second sentence
16 of paragraph (1), shall not be considered as service or em-
17 ployment bringing such person within the provisions of section
18 281, 283, or 284, of title 18 of the United States Code, or
19 of any other Federal law imposing restrictions, requirements,
20 or penalties in relation to the employment of persons, the
21 performance of services, or the payment or receipt of com-
22 pensation in connection with any claim, proceeding, or matter
23 involving the United States.

24 (g) There is hereby authorized to be appropriated, out

1 of any money in the Treasury not otherwise appropriated, so
2 much as may be necessary to carry out the provisions of this
3 section.

4 (h) (1) On or before June 30, 1959, the Commission
5 shall make a preliminary report of its findings to the Presi-
6 dent and to the Congress; and on or before June 30, 1960,
7 the Commission shall make a final report of its findings and
8 recommendations to the President and to the Congress.

9 (2) Ninety days after the submission to the Congress
10 of the final report provided for in paragraph (1) the Com-
11 mission shall cease to exist.

12 (i) (1) The Commission is directed to investigate and
13 report on the international trade agreement policy of the
14 United States and to recommend improvements in policies,
15 measures, and practices.

16 (2) Without limiting the general scope of the investiga-
17 tion the Commission shall consider and report on the follow-
18 ing matters:

19 (A) the number of labor hours lost by expanded
20 imports through concessions granted in trade agree-
21 ments, as balanced against the increased labor hours
22 resulting from expansion of exports through concessions
23 received from foreign countries;

24 (B) the effect of tariff reductions under past trade
25 agreements on small and local industries;

1 (C) what industries may become vulnerable and
2 what industries would not be vulnerable to decrease of
3 employment and production if present trends of foreign
4 competition continue;

5 (D) the possible effect of the exportability of Ameri-
6 can capital (whether direct or by private or govern-
7 mental loans), equipment, and technical experience into
8 other countries;

9 (E) the extent to which the products of such ex-
10 ported facilities have entered the American market or
11 otherwise affected American production and employment;

12 (F) the extent to which the United States has used
13 up its bargaining margin, including the extent to which
14 tariff rates have been reduced and potential future reduc-
15 tion;

16 (G) the possibility of a reduced rate of exports due
17 to more rapid inflation of the cost of labor, materials, and
18 other elements of production in the United States than
19 in foreign countries; and

20 (H) the desirability in special cases of employing
21 quotas rather than tariff adjustments.

22 (j) (1) The Commission or, on the authorization of the
23 Commission, any subcommittee or member thereof, shall have
24 power to hold hearings and to sit and act at such times and
25 places, within the United States or elsewhere, to take such

1 *testimony, and to make such lawful expenditures, as the Com-*
2 *mission or such subcommittee or member may deem advisable.*

3 (2) *The Commission is authorized to request from any*
4 *department, agency, or independent instrumentality of the*
5 *Government any information it deems necessary to carry out*
6 *its functions under this section; and each such department,*
7 *agency, and instrumentality is authorized to furnish such*
8 *information to the Commission, upon request made by the*
9 *Chairman or by the Vice Chairman when acting as*
10 *Chairman.*

Passed the House of Representatives June 11, 1958.

Attest:

RALPH R. ROBERTS,

Clerk.

Calendar No. 1875

85TH CONGRESS
2^D SESSION

H. R. 12591

[Report No. 1838]

AN ACT

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JUNE 12, 1958

Read twice and referred to the Committee on Finance

JULY 15, 1958

Reported with amendments

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By Mr. CASE of New Jersey:

A concurrent resolution of the Senate of the State of New Jersey; to the Committee on Interstate and Foreign Commerce:

"Senate Concurrent Resolution 20

"A concurrent resolution concerning air terminal facilities and memorializing the Federal Housing and Home Financing Agency, the Federal Civil Aeronautics Board and the Federal Civil Aeronautics Administration to authorize and support certain proposed studies to determine the feasibility and practicability of constructing a global air terminal within this State

"Whereas the startling advance in aircraft design and the tremendous increase in air traffic during the last 10 years have forcefully called attention to the necessity of increasing and expanding the ground facilities and terminals for such aircraft and traffic to keep abreast of such growth and of the anticipated growth of the future; and

"Whereas it is becoming more and more apparent that airport facilities should be placed outside our heavily populated areas but at the same time be readily accessible to such areas; and

"Whereas the State of New Jersey, located at the very center of the heavily populated area extending from our Nation's Capital to the city of Boston in the State of Massachusetts, has an ideal global air terminal site in the tricounty pine belt area of Burlington, Ocean and Atlantic counties, often referred to, and known as, the Pine Barrens of New Jersey; and

"Whereas the county of Burlington has already initiated action looking toward the development and construction of a global air terminal in the said pine belt area of New Jersey and, in connection therewith, has applied to the Housing and Home Financing Agency of the United States Government for Federal funds to finance preliminary engineering studies to determine the feasibility and practicability of such proposed project; and

"Whereas said application requires, in addition to the approval of the Housing and Home Finance Agency, the approval of the Federal Civil Aeronautics Board and the Federal Civil Aeronautics Administration; and

"Whereas the Legislature of the State of New Jersey desires that said studies as proposed by Burlington County be made; and

"Whereas it is most important that said studies be commenced without undue delay so as to insure the availability of said area for the said proposed project in the event the studies prove it to be feasible and practical: Now therefore, be it

"Resolved by the Senate of the State of New Jersey (the General Assembly concurring),

"1. The Federal Housing and Home Agency, the Federal Civil Aeronautics Board and the Federal Civil Aeronautics Administration are urged and requested to approve the application of Burlington County requesting Federal funds to finance preliminary engineering studies to determine the feasibility and practicability of developing and constructing a global air terminal in the pine belt area of New Jersey.

"2. The Secretary of the senate is directed to forward copies of this concurrent resolution to David M. Walker, regional Administrator of the Federal Housing and Home Finance Agency, to James R. Durfee, Chairman of the Federal Civil Aeronautics Board, to James T. Pyle, Administrator of the Civil Aeronautics Administration, to Louis S. Rothschild, Under Secretary of Com-

merce, and to each member of the New Jersey congressional delegation."

A resolution adopted by the Organization for the Defense of Four Freedoms of Ukraine, Inc., of New York, N. Y., protesting against the Soviet genocide in Ukraine; to the Committee on Foreign Relations.

A resolution adopted by the Southern New Jersey Development Council, favoring the enactment of legislation to enable the railroad industry to continue to operate economically; to the Committee on Interstate and Foreign Commerce.

A resolution adopted by the Town Council of the City of Summit, N. J., relating to the proposed location of Route 22, near the city of Summit; to the Committee on Public Works.

A resolution adopted by the Township Committee of Springfield, N. J., relating to the construction of Route 22, near Springfield; to the Committee on Public Works.

A resolution adopted by the Union County Park Commission, Elizabeth, N. J., relating to the construction of Route 22, near Elizabeth; to the Committee on Public Works.

PLIGHT OF RAILROAD INDUSTRY—RESOLUTIONS

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD two resolutions adopted by the executive committee of the Supervisors' Association of the State of New York, and the board of trustees of the village of Brockport, in the State of New York relating to the plight of the railroad industry.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

Resolution on Railroads

Whereas the railroad industry has for many years provided essential services to the public as a major carrier of persons and property; and

Whereas rigid Government regulation of services and the rates charged for those services, together with the continued imposition of unfair taxes on the transportation of both freight and persons, have threatened railroads with bankruptcy; and

Whereas solution of the problem of the railroads is vital to the economy of the Nation, of this State, and of the local communities in this State because (1) the railroads provide employment for more than 100,000 persons in New York State with an annual payroll in excess of \$440 million, (2) the real property holdings of the railroads constitute nearly 3 percent of all taxable real property in New York State, and (3) the railroads paid \$47 million in real estate and special franchise taxes to all units of government in New York State;

Whereas bankruptcy of the railroad industry means that this vital segment of our Nation's private economy will be forced to succumb to Government ownership at a great loss to the taxpayer and to our American free enterprise system; and

Whereas there is now legislation pending in Congress which provides a first step toward strengthening our Nation's transportation system; Now, therefore, be it

Resolved, That the executive committee of the Supervisors' Association of the State of New York hereby records its support of appropriate legislation now pending before Congress to assist railroads to solve their financial problems and to permit them to compete fairly with other forms of transportation; and be it further

Resolved, That Congress of the United States be memorialized to enact legislation repealing the Federal excise taxes on transportation of freight and passenger services

and other legislation designed to insure survival of our American railroads under free, competitive, private enterprise; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, the Secretary of the United States Senate, the Clerk of the United States House of Representatives and all Members of Congress from New York State.

Resolution Adopted by the Board of Trustees of the Village of Brockport at a Meeting Held July 3, 1958

Whereas the welfare of our country and its people, in times of peace and of national emergency, depends on an efficient, economical, and prosperous common carrier transport system of which the railroads are a major segment; and

Whereas the welfare of this community, as reflected in employment and industrial payrolls, depends in large part on the volume of materials, supplies, and services purchased annually by the railroads; and

Whereas the railroads today are faced with a dire emergency from wholly inadequate earnings brought about largely by overregulation and inequitable competitive conditions; an emergency which seriously threatens their continued existence under private ownership and operation; and

Whereas it is the considered opinion of most experts that a series of railroad bankruptcies now might well trigger both Government operation of railroads and a general economic debacle: Therefore, be it

Resolved, That the board of trustees of the village of Brockport petitions the Congress of the United States to take immediate action to:

(a) Assure competitive equality in the field of transportation;

(b) Relieve the railroads of as much as possible of the monopoly regulation under which they are now forced to operate; and

(c) Provide self-liquidating financial relief to the railroads to tide them over this emergency.

The board of trustees of the village of Brockport further recommends that these remedial measures be taken simultaneously by the Congress since they are inseparable parts of a program designed, in the public interest, to restore fair competition in the field of transport; reduce unemployment by work on production of huge volume of material, supplies, and services which the railroads could purchase if they were assured of a fighting chance to operate profitably; assure adequate transportation facilities for the growth of our economy and for the national defense; and avoid Government operation of our railroads.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BYRD, from the Committee on Finance, without amendment:

H. R. 11630. An act to amend title XV of the Social Security Act to extend the unemployment insurance system to ex-servicemen, and for other purposes (Rept. No. 1387).

By Mr. KEFAUVER, from the Committee on the Judiciary, with an amendment, in the nature of a substitute:

H. A. 6239. An act to amend sections 1461 and 1462 of title 18 of the United States Code (Rept. No. 1839).

EXTENSION OF TRADE AGREEMENTS ACT—REPORT OF A COMMITTEE—MINORITY AND INDIVIDUAL VIEWS

Mr. BYRD. Mr. President, from the Committee on Finance, I report favor-

ably, with amendments, the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, and I submit a report (No. 1838) thereon, together with minority and individual views, which I ask to have printed.

The VICE PRESIDENT. The report will be received and the bill will be placed on the calendar; and, without objection, the report will be printed, as requested by the Senator from Virginia.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GOLDWATER:

S. 4131. A bill to authorize the establishment of the Fort Bowie National Historic Site, in the State of Arizona and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. JOHNSON of Texas:

S. 4132. A bill for the relief of Dr. Josephine Shou Chen Chu; to the Committee on the Judiciary.

By Mr. ALLOTT:

S. 4133. A bill for the relief of Capt. Thomas J. McArdle; to the Committee on the Judiciary.

By Mr. THYE:

S. 4134. A bill to authorize certain Indians to receive welfare assistance in connection with school-lunch programs of the United States; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. THYE when he introduced the above bill, which appear under a separate heading.)

By Mr. EASTLAND:

S. 4135. A bill to direct the Secretary of the Interior to issue a patent to certain land situated in the State of Mississippi to Cyrus Hugh Covington and Mrs. Mildred Covington; to the Committee on Interior and Insular Affairs.

S. 4136. A bill for the relief of Albert Albaredo; to the Committee on the Judiciary.

By Mr. HUMPHREY (for himself, Mr. ANDERSON, Mr. CHAVEZ, Mr. HENNING, Mr. MORSE, Mr. NEUBERGER, and Mr. SYMINGTON):

S. 4137. A bill to protect the travel rights of persons owing allegiance to the United States and to govern the issuance of passports; to the Committee on Foreign Relations.

(See the remarks of Mr. HUMPHREY when he introduced the above bill, which appear under a separate heading.)

By Mr. BIBLE:

S. 4138. A bill for the relief of Marcelino Ormaechea; to the Committee on the Judiciary.

By Mr. BUSH:

S. J. Res. 191. Joint resolution to provide that during the period commencing November 16 and ending November 28, 1958, the people of the United States be urged to give especial consideration to the needs and rights of the retarded children of the Nation; to the Committee on the Judiciary.

(See the remarks of Mr. BUSH when he introduced the above joint resolution, which appear under a separate heading.)

CONCURRENT RESOLUTIONS

Mr. MANSFIELD submitted a concurrent resolution (S. Con. Res. 101) establishing a Joint Committee on Central Intelligence, which was referred to the Committee on Armed Services.

(See the above concurrent resolution printed in full when submitted by Mr. MANSFIELD, which appears under a separate heading.)

ACCEPTANCE OF STATUE OF DR. FLORENCE RENA SABIN

Mr. ALLOTT (for himself and Mr. CARROLL) submitted the following concurrent resolution (S. Con. Res. 102), which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That the Statue of Dr. Florence Rena Sabin, presented by the State of Colorado, to be placed in the Statuary Hall collection, is accepted in the name of the United States, and that the thanks of the Congress be tendered such State for the contribution of the statute of one of its most eminent citizens, illustrious for her work in the field of medicine; and be it further

Resolved, That a copy of these resolutions, suitably engrossed and duly authenticated, be transmitted to the Governor of Colorado.

TEMPORARY PLACEMENT IN ROTUNDA OF STATUE OF DR. FLORENCE RENA SABIN AND AUTHORIZATION FOR CEREMONIES IN CONNECTION THEREWITH

Mr. ALLOTT (for himself and Mr. CARROLL) submitted the following concurrent resolution (S. Con. Res. 103), which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That the State of Colorado is hereby authorized to place temporarily in the rotunda of the Capitol a statue of the late Dr. Florence Rena Sabin, of Colorado, and to hold ceremonies in the rotunda on such occasion; and the Architect of the Capitol is hereby authorized to make the necessary arrangements therefor.

PRINTING AS A SENATE DOCUMENT PROCEEDINGS IN CONNECTION WITH ACCEPTANCE OF STATUE OF DR. FLORENCE RENA SABIN

Mr. ALLOTT (for himself and Mr. CARROLL) submitted the following concurrent resolution (S. Con. Res. 104), which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That the proceedings at the presentation, dedication, and acceptance of the statue of Dr. Florence Rena Sabin, to be presented by the State of Colorado in the rotunda of the Capitol, together with appropriate illustrations and other pertinent matter, shall be printed as a Senate document. The copy for such Senate document shall be prepared under the supervision of the Joint Committee on Printing.

SEC. 2. There shall be printed 5,000 additional copies of such Senate document, which shall be bound in such style as the Joint Committee on Printing shall direct, and of which 100 copies shall be for the use of the Senate and 1,600 copies shall be for the use of the Members of the Senate from the State of Colorado, and 500 copies shall be for the use of the House of Representatives and 2,800 copies shall be for the use of the Members of the House of Representatives from the State of Colorado.

STANDING COMMITTEE ON AERONAUTICAL AND SPACE SCIENCES

Mr. JOHNSON of Texas (for himself and Mr. BRIDGES) submitted the following resolution (S. Res. 327), which was referred to the Committee on Rules and Administration:

Resolved, That (a) paragraph (1) of rule XXV of the Standing Rules of the Senate (relating to standing committees) is amended by inserting therein, immediately after part (o) thereof, the following new part:

"(p) (1) Committee on Aeronautical and Space Sciences, to consist of 15 Senators, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:

"(A) Aeronautical and space activities, except those which are peculiar to or primarily associated with the development of weapons systems or military operations.

"(B) Matters relating generally to the scientific aspects of aeronautical and space activities, except those which are peculiar to or primarily associated with the development of weapons systems or military operations.

"(C) National Aeronautics and Space Administration.

"(2) Such committee also shall have jurisdiction to survey and review, and to prepare studies and reports upon, aeronautical and space activities of all agencies of the United States, including such activities which are peculiar to or primarily associated with the development of weapons systems or military operations."

(b) Part (c) of paragraph 1 of rule XXV of the Standing Rules of the Senate (relating to the Committee on Armed Services) is amended by adding at the end thereof the following new subpart:

"13. Aeronautical and space activities peculiar to or primarily associated with the development of weapons systems or military operations."

(c) Part (j) of paragraph 1 of rule XXV of the Standing Rules of the Senate (relating to the Committee on Interstate and Foreign Commerce) is amended by inserting in subpart 4, immediately preceding the period at the end thereof, a comma and the following: "except aeronautical and space activities."

(d) Paragraph 6 (a) of rule XVI of the Standing Rules of the Senate (relating to the designation of ex officio members of the Committee on Appropriations) is amended by adding at the end of the tabulation contained therein the following new item:

"Committee on Aeronautical and Space Sciences

For aeronautical and space activities and matters relating to the scientific aspects thereof, except those peculiar to or primarily associated with the development of weapons systems or military operations."

SEC. 2. (a) Effective for the remainder of the 85th Congress, paragraph 4 of rule XXV of the Standing Rules of the Senate is amended to read as follows:

"4. (a) Each Senator shall serve on 2 standing committees and no more; except that not to exceed 24 Senators of the majority party, and not to exceed 12 Senators of the minority party, who are members of the Committee on the District of Columbia, the Committee on Government Operations, the Committee on Post Office and Civil Service, or the Committee on Aeronautical and Space Sciences may serve on 3 standing committees and no more.

grave, inasmuch as there are approximately 5 million retarded children and adults in the United States.

There exist in various parts of the country excellent inspired groups which are organized to provide aid to the mentally retarded, and to stimulate those who are not affected by this unfortunate circumstance to take cognizance of the problems which exist in families and among children who are affected.

I am proud to say that in my State of Connecticut there are two excellent training schools for the mentally retarded. One is the Mansfield Training School, and the other the Southbury Training School. I have visited both institutions. I am proud to say that the founder and executive of the Southbury Training School for many years has been a friend of mine, is a very outstanding citizen, and is regarded in the United States as one of the leading authorities on the treatment and handling of mentally retarded children and adults.

Associations for aid to the mentally retarded are very eager to bring before the public the necessities involved in the treatment of such persons. To that end they have asked me to introduce—and I am very happy to introduce—a joint resolution providing that during the period commencing November 16 and ending November 28, 1958, the people of the United States shall be urged to give special consideration to the needs and rights of the retarded children of the Nation.

I ask unanimous consent that a copy of the joint resolution be printed in the RECORD at this point as a part of my remarks, and that the joint resolution be appropriately referred.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will be printed in the RECORD.

The joint resolution (S. J. Res. 191) to provide that during the period commencing November 16 and ending November 28, 1958, the people of the United States be urged to give especial consideration to the needs and rights of the retarded children of the Nation, introduced by Mr. BUSH, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Whereas under the American way of life, the dignity and importance of every individual is recognized; and

Whereas it is important that proper consideration be given to the needs and rights of the Nation's over 5 million retarded children and adults; and

Whereas it is a known fact that retarded children can, with proper and adequate facilities, develop fuller potentialities, and in many cases can become happy, contributing members of society; and

Whereas the Congress realizes its responsibility to help provide understanding and constructive help to mentally retarded children and adults everywhere: Now, therefore, be it

Resolved, etc., That the President is authorized and requested to issue a proclamation calling upon the people of the United States to give especial consideration to the plight of the retarded children of the Nation

during the period commencing November 16 and ending November 28, 1958, and urging the people of the United States to give their heartfelt support during such period to the appeal of the National Association for Retarded Children and its more than 600 member units in every State in the Union for assistance in carrying out the program of such association for the benefit of the retarded children of the Nation.

AGRICULTURAL ACT OF 1958— AMENDMENTS

Mr. SPARKMAN. Mr. President, on behalf of myself, and my colleague, the senior Senator from Alabama [Mr. HILL], I submit two amendments, intended to be proposed by us, jointly, to the bill (S. 4071) to provide more effective price, production, adjustment, and marketing programs for various agricultural commodities. I ask unanimous consent that the amendments be printed and lie on the table, and that each amendment, together with a brief statement in explanation thereof, be printed in the RECORD.

The VICE PRESIDENT. The amendments will be received, printed, and will lie on the table; and, without objection, the amendments and explanations will be printed in the RECORD.

The amendments and accompanying statements are as follows:

On page 14, between lines 14 and 15, add the following new section:

"LEASING OF ACREAGE ALLOTMENTS

"Sec. 108. The Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end of subtitle C the following new section:

"LEASING OF ACREAGE ALLOTMENTS

"Sec. 378. (a) Notwithstanding any other provisions of law, the owner or operator of any farm assigned an acreage allotment for upland cotton under the provisions of section 344 may lease, as provided in subsections (a) and (b) of this section, such acreage allotment or any portion thereof to any other owner or operator of a farm in the same county for use in such county. Any such acreage allotment or portion thereof may be utilized by the farm to which it is leased as if such acreage allotment or portion thereof were assigned under the provisions of such section 344.

"(b) Any such lease shall be made on such terms and conditions, except as otherwise provided in this section, as the parties thereto shall agree. No such lease shall be entered into for any period in excess of 5 crop years.

"(c) The lease of any acreage allotment shall not be effective until a copy of such lease is filed with the county committee of the county in which the acreage allotment was made.

"(d) The lease of any acreage allotment shall not affect the acreage allotment of the farm from which such acreage allotment is leased or the farm to which it is leased, except with respect to the crop year or years specified in the lease; and the amount of acreage of the acreage allotment leased shall be considered for purposes of future State, county, and farm acreage allotments to have been planted on the farm from which such acreage allotment was leased in the crop year or years specified in the lease.

"(e) The Secretary shall issue such regulations as are necessary to carry out the provisions of this section."

Renumber sections 108 to 110, inclusive, as sections 109 to 111, respectively.

The statement in explanation of the foregoing amendment is as follows:

This amendment permits a farmer to whom cotton allotment has been made to lease for a period of 5 years such allotment within the county in which the allotment is made. The wording of the amendment itself explains the terms, provisions, etc., under which the leasing is to be made.

On page 2, line 10, insert after the word "year" the word "not."

The statement in explanation of the foregoing amendment is as follows:

This amendment is self-explanatory. It has the effect of excluding from consideration in determining the level of price support that cotton grown on surplus acres; that is on the acreage that constitutes the 40 percent extra acreage under choice B.

The main argument for this amendment is that it gives greater protection to the farmer actually growing the cotton. It is generally conceded that under S. 4071, the bill reported by the Senate Agriculture Committee, most farmers, especially those of Alabama and the Southeast that grow cotton on relatively small acreage, will realize less cash from cotton grown than they would realize should they be given a 20 percent reduction as is contemplated under existing legislation.

To prevent cotton grown on the 40 percent surplus acreage from being counted as part of the supply on hand in determining the level of price support would give more adequate protection to the relatively small farmer and would prove especially beneficial to small cotton growers. Actually, it would also result in a higher level of price support for those who take choice B.

It seems reasonable to me to give some protection to the grower and not to place him in the position of growing more acreage at less profit.

SMALL-BUSINESS TAX BILL—ADDITIONAL COSPONSOR OF BILL

Mr. SPARKMAN. Mr. President, I have been informed that the House Ways and Means Committee yesterday reported a small-business tax bill. This is heartening news for all of us who have been working for such tax adjustment during this session of Congress. I have not had an opportunity to study the proposed legislation reported by the House committee, but I am sure it represents a good start toward the adjustments to our tax system to permit small business to grow and prosper. There is every reason to believe that the House will pass this bill within the next few days.

The Small Business Committee held extensive hearings on the tax problems of small business last fall. The record of these hearings and the committee report will be made available to the Finance Committee for its use during its consideration of the proposed legislation. I am hopeful that this will in some small way assist that committee and expedite the handling of the matter.

The result of our Small Business Committee tax study of last year was the introduction of the bill (S. 3194) to amend the Internal Revenue Code of 1954 so as to establish an initial program of tax adjustment for small and independent business and for persons engaged in small and independent business early in this session. Senate bill 3194, the small-business tax-adjustment bill of 1958, is an omnibus measure designed

to facilitate the growth and development of small business with the least possible cost to the revenue of the Federal Government. It is almost completely an elimination of features in the Internal Revenue Code of 1954 which discriminate against small businesses and their owners-operators. There is no attempt to grant special favor in this legislation.

It cannot be pointed out too often that there are over 4 million small businesses in this country. They are the greatest job makers. They are great consumers. They are great producers. To a very large extent, the whole economy is dependent on the welfare of small business. It can honestly be said that what is good for small business is good for the country.

I am happy to report again that a majority of the Senate has seen fit to join in sponsoring Senate bill 3194. I ask unanimous consent that the name of the Senator from Michigan [Mr. POTTER] may be added as a sponsor of this proposed legislation.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, this brings to 50 the number of Senators who have offered this bill for the welfare of small business and the general good of the country.

As printed, S. 3194 carried only 16 Senators as sponsors. Since that time, 34 other sponsors have joined the sponsors of that measure. I believe it is only fair that all of the sponsors should be named on the face of this proposed legislation.

For that reason, I express the hope that there may be a new printing of S. 3194, and I ask that when and if there is such a reprinting, the names of all 50 sponsors may be printed.

The VICE PRESIDENT. Without objection, it is so ordered.

AGRICULTURAL ACT OF 1958—ADDITIONAL COSPONSOR OF AMENDMENT

Mr. FULBRIGHT. Mr. President, yesterday, July 14, the junior Senator from Mississippi [Mr. STENNIS], for himself and for the senior Senator from Mississippi [Mr. EASTLAND], submitted an amendment intended to be proposed by them to Senate bill 4071, the Agricultural Act of 1958.

I ask unanimous consent that my name be added as a cosponsor of the proposed amendment.

The VICE PRESIDENT. Without objection, it is so ordered.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. JOHNSON of Texas:

Memorandum on foreign aid and foreign trade issues, prepared by Lewis W. Douglas.

By Mr. WILLIAMS:

Address delivered by Senator FREAR on the occasion of the Camden-Wyoming Fire Co.

celebration of the burning of the mortgage against its building and equipment.

By Mr. REVERCOMB:

Memorial Day address delivered by Rev. John F. Streng, pastor, St. James Lutheran Church, Wheeling, W. Va.

Winning essay of the Americanism contest, American Legion Auxiliary, Department of West Virginia, 1958, written by Thomas Bee, of Parkersburg, W. Va.

By Mr. PROXMIER:

Letter and statement relating to research from C. A. Elvehjem, president, the University of Wisconsin, dated July 2, 1958.

Editorial entitled "Question of Survival," published in the Washington Post of July 15, 1958.

GTA Daily Radio Roundup, published by the Farmers' Union Grain Terminal Association of St. Paul, Minn., July 10, 1958.

By Mr. THURMOND:

Editorial entitled "Why Not Learn From Alaska?" published in the Greenville News, of Greenville, S. C., on July 14, 1958.

Editorial entitled "Last Word on Tariffs," published in the New York Daily News of July 12, 1958.

By Mr. NEUBERGER:

Letter addressed to Representative CLAIRE ENGLE from Nelson Reed, of the Oregon Klamath River Commission; also a resolution by that organization, the California Klamath River Association, and the Klamath Water Users Protective Association.

Editorial entitled "Klamath Bill a Must," published in the Oregonian of June 29, 1958, dealing with the Klamath Reservation Disposal Act.

Article from Astorian-Budget, of Astoria, Oreg., dated July 9, 1958, being a report on the Corps of Engineers hearings on the proposal to span the mouth of the Columbia River on U. S. Highway 101.

Article entitled "If We Are To Win the Colder War," written by Lester Markel and published in the New York Times magazine for July 13, 1958, dealing with the necessity for an informed public opinion.

By Mr. MURRAY:

Article entitled "Time To Save Klamath Indian Timber Is Running Out," published in the July 16 issue of Conservation News, published by the National Wildlife Federation.

By Mr. WILEY:

Article entitled "University of Wisconsin Explores Unknown, New Booklet Tells How," published in the Milwaukee Journal of July 13, 1958; and excerpts from report entitled "Exploring the Unknown," published by the University of Wisconsin.

NOTICE OF HEARING ON NOMINATION OF HARRY R. HEWITT, TO BE FIFTH JUDGE, FIRST CIRCUIT, CIRCUIT COURTS, TERRITORY OF HAWAII

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, July 22, 1958, at 10:30 a. m., in room 424, Senate Office Building, on the following:

Harry R. Hewitt, of Hawaii, to be fifth judge, first circuit, circuit courts, Territory of Hawaii, for a term of 6 years.

At the indicated time and place persons interested in the above nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Indiana [Mr. JENNER], and myself, as chairman.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT

Mr. DOUGLAS. Mr. President, I ask unanimous consent that I may be permitted to proceed for 6 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator may proceed.

Mr. DOUGLAS. This body will shortly have before it the reciprocal-trade bill, and statements will undoubtedly be made that the present organization of reciprocal trade does not provide sufficient protection for the industries of this Nation.

As we all know, some 10 years ago the escape clause was first invoked by Executive order and later written into the Reciprocal Trade Act; and, it has been continued in that act since then. There have been some 83 applications for relief under the escape clause. Seventeen of those have been duplicates, leaving 66 separate industries which have made application. Eighteen of these were withdrawn, either at the request of the applicant or after preliminary investigation; leaving 48 commodities or articles for which application was made for escape-clause investigation.

The American Association of Hardwood Plywood Users has made an analysis of the 48 industries, and I have a list which I think is extremely important and which indicates that the vast majority of cases are of minor importance. I shall read the list and make comments on the items.

Spring clothespins, which can hardly be regarded as essential to national security.

Wood screws, which would not seem to be an industry of appreciable importance.

Blue mold cheese, which is delectable, but which would not be a major item.

Motorcycles and parts, which is an important industry.

Groundfish filets.

Bicycles and parts.

Glacé cherries, which I would not think would be an essential industry to the national security, however delectable they may be.

Bonito and tuna, which is an important industry to the west coast.

Household china tableware.

Pregnant mares' urine. I am at a loss to understand the importance of this industry, or precisely how much of a protective tariff it needs, or how the domestic supply should be protected, and what would happen if it were not protected. Nevertheless, there is apparently an association trying to get higher tariffs for pregnant mares' urine.

Chalk whitening.

Woodwind musical instruments.

Cotton-carding machinery.

Metal watch bracelets and parts.

Rosaries; which should be above economic consideration.

Mustard seeds; which do have the capacity for great growth, as the Bible reminds us, but which again would not seem to be a vital agricultural industry.

Ground chicory.

Coconuts. I had not realized that we grew a large quantity of coconuts in the United States.

Wool gloves and mittens.

grave, inasmuch as there are approximately 5 million retarded children and adults in the United States.

There exist in various parts of the country excellent inspired groups which are organized to provide aid to the mentally retarded, and to stimulate those who are not affected by this unfortunate circumstance to take cognizance of the problems which exist in families and among children who are affected.

I am proud to say that in my State of Connecticut there are two excellent training schools for the mentally retarded. One is the Mansfield Training School, and the other the Southbury Training School. I have visited both institutions. I am proud to say that the founder and executive of the Southbury Training School for many years has been a friend of mine, is a very outstanding citizen, and is regarded in the United States as one of the leading authorities on the treatment and handling of mentally retarded children and adults.

Associations for aid to the mentally retarded are very eager to bring before the public the necessities involved in the treatment of such persons. To that end they have asked me to introduce—and I am very happy to introduce—a joint resolution providing that during the period commencing November 16 and ending November 28, 1958, the people of the United States shall be urged to give special consideration to the needs and rights of the retarded children of the Nation.

I ask unanimous consent that a copy of the joint resolution be printed in the RECORD at this point as a part of my remarks, and that the joint resolution be appropriately referred.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will be printed in the RECORD.

The joint resolution (S. J. Res. 191) to provide that during the period commencing November 16 and ending November 28, 1958, the people of the United States be urged to give especial consideration to the needs and rights of the retarded children of the Nation, introduced by Mr. BUSH, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Whereas under the American way of life, the dignity and importance of every individual is recognized; and

Whereas it is important that proper consideration be given to the needs and rights of the Nation's over 5 million retarded children and adults; and

Whereas it is a known fact that retarded children can, with proper and adequate facilities, develop fuller potentialities, and in many cases can become happy, contributing members of society; and

Whereas the Congress realizes its responsibility to help provide understanding and constructive help to mentally retarded children and adults everywhere: Now, therefore, be it

Resolved, etc., That the President is authorized and requested to issue a proclamation calling upon the people of the United States to give especial consideration to the plight of the retarded children of the Nation

during the period commencing November 16 and ending November 28, 1958, and urging the people of the United States to give their heartfelt support during such period to the appeal of the National Association for Retarded Children and its more than 600 member units in every State in the Union for assistance in carrying out the program of such association for the benefit of the retarded children of the Nation.

AGRICULTURAL ACT OF 1958— AMENDMENTS.

Mr. SPARKMAN. Mr. President, on behalf of myself, and my colleague, the senior Senator from Alabama [Mr. HILL], I submit two amendments, intended to be proposed by us, jointly, to the bill (S. 4071) to provide more effective price, production, adjustment, and marketing programs for various agricultural commodities. I ask unanimous consent that the amendments be printed and lie on the table, and that each amendment, together with a brief statement in explanation thereof, be printed in the RECORD.

The VICE PRESIDENT. The amendments will be received, printed, and will lie on the table; and, without objection, the amendments and explanations will be printed in the RECORD.

The amendments and accompanying statements are as follows:

On page 14, between lines 14 and 15, add the following new section:

"LEASING OF ACREAGE ALLOTMENTS

"SEC. 108. The Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end of subtitle C the following new section:

"LEASING OF ACREAGE ALLOTMENTS

"SEC. 378. (a) Notwithstanding any other provisions of law, the owner or operator of any farm assigned an acreage allotment for upland cotton under the provisions of section 344 may lease, as provided in subsections (a) and (b) of this section, such acreage allotment or any portion thereof to any other owner or operator of a farm in the same county for use in such county. Any such acreage allotment or portion thereof may be utilized by the farm to which it is leased as if such acreage allotment or portion thereof were assigned under the provisions of such section 344.

"(b) Any such lease shall be made on such terms and conditions, except as otherwise provided in this section, as the parties thereto shall agree. No such lease shall be entered into for any period in excess of 5 crop years.

"(c) The lease of any acreage allotment shall not be effective until a copy of such lease is filed with the county committee of the county in which the acreage allotment was made.

"(d) The lease of any acreage allotment shall not affect the acreage allotment of the farm from which such acreage allotment is leased or the farm to which it is leased, except with respect to the crop year or years specified in the lease; and the amount of acreage of the acreage allotment leased shall be considered for purposes of future State, county, and farm acreage allotments to have been planted on the farm from which such acreage allotment was leased in the crop year or years specified in the lease.

"(e) The Secretary shall issue such regulations as are necessary to carry out the provisions of this section."

Renumber sections 108 to 110, inclusive, as sections 109 to 111, respectively.

The statement in explanation of the foregoing amendment is as follows:

This amendment permits a farmer to whom cotton allotment has been made to lease for a period of 5 years such allotment within the county in which the allotment is made. The wording of the amendment itself explains the terms, provisions, etc., under which the leasing is to be made.

On page 2, line 10, insert after the word "year" the word "not."

The statement in explanation of the foregoing amendment is as follows:

This amendment is self-explanatory. It has the effect of excluding from consideration in determining the level of price support that cotton grown on surplus acres; that is on the acreage that constitutes the 40 percent extra acreage under choice B.

The main argument for this amendment is that it gives greater protection to the farmer actually growing the cotton. It is generally conceded that under S. 4071, the bill reported by the Senate Agriculture Committee, most farmers, especially those of Alabama and the Southeast that grow cotton on relatively small acreage, will realize less cash from cotton grown than they would realize should they be given a 20 percent reduction as is contemplated under existing legislation.

To prevent cotton grown on the 40 percent surplus acreage from being counted as part of the supply on hand in determining the level of price support would give more adequate protection to the relatively small farmer and would prove especially beneficial to small cotton growers. Actually, it would also result in a higher level of price support for those who take choice B.

It seems reasonable to me to give some protection to the grower and not to place him in the position of growing more acreage at less profit.

SMALL-BUSINESS TAX BILL—ADDITIONAL COSPONSOR OF BILL

Mr. SPARKMAN. Mr. President, I have been informed that the House Ways and Means Committee yesterday reported a small-business tax bill. This is heartening news for all of us who have been working for such tax adjustment during this session of Congress. I have not had an opportunity to study the proposed legislation reported by the House committee, but I am sure it represents a good start toward the adjustments to our tax system to permit small business to grow and prosper. There is every reason to believe that the House will pass this bill within the next few days.

The Small Business Committee held extensive hearings on the tax problems of small business last fall. The record of these hearings and the committee report will be made available to the Finance Committee for its use during its consideration of the proposed legislation. I am hopeful that this will in some small way assist that committee and expedite the handling of the matter.

The result of our Small Business Committee tax study of last year was the introduction of the bill (S. 3194) to amend the Internal Revenue Code of 1954 so as to establish an initial program of tax adjustment for small and independent business and for persons engaged in small and independent business early in this session. Senate bill 3194, the small-business tax-adjustment bill of 1958, is an omnibus measure designed

to facilitate the growth and development of small business with the least possible cost to the revenue of the Federal Government. It is almost completely an elimination of features in the Internal Revenue Code of 1954 which discriminate against small businesses and their owner-operators. There is no attempt to grant special favor in this legislation.

It cannot be pointed out too often that there are over 4 million small businesses in this country. They are the greatest job makers. They are great consumers. They are great producers. To a very large extent, the whole economy is dependent on the welfare of small business. It can honestly be said that what is good for small business is good for the country.

I am happy to report again that a majority of the Senate has seen fit to join in sponsoring Senate bill 3194. I ask unanimous consent that the name of the Senator from Michigan [Mr. POTTER] may be added as a sponsor of this proposed legislation.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, this brings to 50 the number of Senators who have offered this bill for the welfare of small business and the general good of the country.

As printed, S. 3194 carried only 16 Senators as sponsors. Since that time, 34 other sponsors have joined the sponsors of that measure. I believe it is only fair that all of the sponsors should be named on the face of this proposed legislation.

For that reason, I express the hope that there may be a new printing of S. 3194, and I ask that when and if there is such a reprinting, the names of all 50 sponsors may be printed.

The VICE PRESIDENT. Without objection, it is so ordered.

AGRICULTURAL ACT OF 1958—ADDITIONAL COSPONSOR OF AMENDMENT

Mr. FULBRIGHT. Mr. President, yesterday, July 14, the junior Senator from Mississippi [Mr. STENNIS], for himself and for the senior Senator from Mississippi [Mr. EASTLAND], submitted an amendment intended to be proposed by them to Senate bill 4071, the Agricultural Act of 1958.

I ask unanimous consent that my name be added as a cosponsor of the proposed amendment.

The VICE PRESIDENT. Without objection, it is so ordered.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. JOHNSON of Texas:

Memorandum on foreign aid and foreign trade issues, prepared by Lewis W. Douglas.

By Mr. WILLIAMS:

Address delivered by Senator FREAR on the occasion of the Camden-Wyoming Fire Co.

celebration of the burning of the mortgage against its building and equipment.

By Mr. REVERCOMB:

Memorial Day address delivered by Rev. John F. Streng, pastor, St. James Lutheran Church, Wheeling, W. Va.

Winning essay of the Americanism contest, American Legion Auxillary, Department of West Virginia, 1958, written by Thomas Bee, of Parkersburg, W. Va.

By Mr. PROXMIRE:

Letter and statement relating to research from C. A. Elvehjem, president, the University of Wisconsin, dated July 2, 1958.

Editorial entitled "Question of Survival," published in the Washington Post of July 15, 1958.

GTA Daily Radio Roundup, published by the Farmers' Union Grain Terminal Association of St. Paul, Minn., July 10, 1958.

By Mr. THURMOND:

Editorial entitled "Why Not Learn From Alaska?" published in the Greenville News, of Greenville, S. C., on July 14, 1958.

Editorial entitled "Last Word on Tariffs," published in the New York Daily News of July 12, 1958.

By Mr. NEUBERGER:

Letter addressed to Representative CLAIRE ENGLE from Nelson Reed, of the Oregon Klamath River Commission; also a resolution by that organization, the California Klamath River Association, and the Klamath Water Users Protective Association.

Editorial entitled "Klamath Bill a Must," published in the Oregonian of June 29, 1958, dealing with the Klamath Reservation Disposal Act.

Article from Astorian-Budget, of Astoria, Oreg., dated July 2, 1958, being a report on the Corps of Engineers hearings on the proposal to span the mouth of the Columbia River on U. S. Highway 101.

Article entitled "If We Are To Win the Cold War," written by Lester Markel and published in the New York Times magazine for July 13, 1958, dealing with the necessity for an informed public opinion.

By Mr. MURRAY:

Article entitled "Time To Save Klamath Indian Timber Is Running Out," published in the July 15 issue of Conservation News, published by the National Wildlife Federation.

By Mr. WILEY:

Article entitled "University of Wisconsin Explores Unknown, New Booklet Tells How," published in the Milwaukee Journal of July 13, 1958; and excerpts from report entitled "Exploring the Unknown," published by the University of Wisconsin.

NOTICE OF HEARING ON NOMINATION OF HARRY R. HEWITT, TO BE FIFTH JUDGE, FIRST CIRCUIT, CIRCUIT COURTS, TERRITORY OF HAWAII

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, July 22, 1958, at 10:30 a. m., in room 424, Senate Office Building, on the following:

Harry R. Hewitt, of Hawaii, to be fifth judge, first circuit, circuit courts, Territory of Hawaii, for a term of 6 years.

At the indicated time and place persons interested in the above nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Indiana [Mr. JENNER], and myself, as chairman.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT

Mr. DOUGLAS. Mr. President, I ask unanimous consent that I may be permitted to proceed for 6 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator may proceed.

Mr. DOUGLAS. This body will shortly have before it the reciprocal-trade bill, and statements will undoubtedly be made that the present organization of reciprocal trade does not provide sufficient protection for the industries of this Nation.

As we all know, some 10 years ago the escape clause was first invoked by Executive order and later written into the Reciprocal Trade Act; and, it has been continued in that act since then. There have been some 83 applications for relief under the escape clause. Seventeen of those have been duplicates, leaving 66 separate industries which have made application. Eighteen of these were withdrawn, either at the request of the applicant or after preliminary investigation; leaving 48 commodities or articles for which application was made for escape-clause investigation.

The American Association of Hardwood Plywood Users has made an analysis of the 48 industries, and I have a list which I think is extremely important and which indicates that the vast majority of cases are of minor importance. I shall read the list and make comments on the items.

Spring clothespins, which can hardly be regarded as essential to national security.

Wood screws, which would not seem to be an industry of appreciable importance.

Blue mold cheese, which is delectable, but which would not be a major item.

Motorcycles and parts, which is an important industry.

Groundfish filets.

Bicycles and parts.

Glacé cherries, which I would not think would be an essential industry to the national security, however delectable they may be.

Bonito and tuna, which is an important industry to the west coast.

Household china tableware.

Pregnant mares' urine. I am at a loss to understand the importance of this industry, or precisely how much of a protective tariff it needs, or how the domestic supply should be protected, and what would happen if it were not protected. Nevertheless, there is apparently an association trying to get higher tariffs for pregnant mares' urine.

Chalk whitening.

Woodwind musical instruments.

Cotton-carding machinery.

Metal watch bracelets and parts.

Rosaries; which should be above economic consideration.

Mustard seeds; which do have the capacity for great growth, as the Bible reminds us, but which again would not seem to be a vital agricultural industry.

Ground chicory.

Coconuts. I had not realized that we grew a large quantity of coconuts in the United States.

Wool gloves and mittens.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 17, 1958
For actions of July 16, 1958
85th-2d, No. 119

CONTENTS

Acreage reserve.....	12		
Appropriations.....	12		
Area redevelopment.....	9		
Atomic fallout.....	25		
Buildings.....	2		
Cotton.....	2		
Electrification.....	8		
Farm program.....	20, 22		
Federal-State relations..	5	Legislative program.....	20
Fisheries.....	15	National flower.....	23
Flood control.....	32	Personnel.....	6
Foreign aid.....	16, 20	Pesticides.....	3
Forestry.....	11, 21	Small business.....	4, 23
Fruits and vegetables...	29	Soil conservation.....	1
Housing.....	13	Statehood.....	19, 24
Lands.....	2, 11	Surplus property.....	30
		Trade agreements.....	10
		Transportation.....	17
		Vocational education...	18
		Water pollution.....	7, 31
		Water development.....	3
		Watersheds.....	14
		Wildlife.....	3
		Wool.....	27

HIGHLIGHTS: House concurred in Senate amendment to bill to extend authority for Federal administration of ACP. Senate debated trade agreements extension bill. House committee reported bill to increase allotments for extra-long staple cotton seed.

HOUSE

- 1. SOIL CONSERVATION.** Agreed to the Senate amendment to H. R. 1045, to extend for 4 additional years, until December 31, 1962, the authority of the Secretary to administer the agricultural conservation program pending the approval of State plans for administration of the program. This bill will now be sent to the President. p. 12737
- 2. COTTON ALLOTMENTS; LANDS.** The Agriculture Committee reported without amendment H. R. 12531 to permit the allocation from acreage of extra long staple cotton for the production of extra long staple cotton seed (H. Rept. 2185), and H. R. 11800, with amendment, to authorize the Secretary to sell a tract of land and buildings thereon under the jurisdiction of ARS to Clifton, N. J. (H. Rept. 2184). p. 12779
- 3. FISH AND WILDLIFE.** The Merchant Marine and Fisheries Committee reported with amendments H. R. 13138, to amend the Coordination Act so as to provide more effective integration of fish and wildlife conservation programs with Federal

water development programs (H. Rept. 2183); S. 2617, to authorize the purchase by the Secretary of the Interior of wetlands and small areas for migratory bird sanctuaries from funds collected from the sale of migratory bird hunting stamps (H. Rept. 2182); and S. 2447, to authorize studies by Interior of the effects of insecticides, herbicides, fungicides and other pesticides upon fish and wildlife (H. Rept. 2181). p. 12779

4. SMALL BUSINESS. The Ways and Means Committee reported with amendment H. R. 13382, the proposed Small Business Tax Revision Act of 1959 (H. Rept. 1298). p. 12779
5. FEDERAL-STATE RELATIONS. Continued debate on H. R. 3, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws. pp. 12745-74
6. PERSONNEL. A subcommittee of the Government Operations Committee ordered reported with amendment S. 1903, to specifically include persons who are appointed by the President and confirmed by the Senate among the personnel for whom certain transportation costs may be paid outside continental U. S. p. D688
A subcommittee of the Post Office and Civil Service Committee ordered reported with amendment S. 25, to specify the effective date upon which changes in pay of wage-board employees shall begin following the start of a survey. p. D689
7. WATER POLLUTION. The Public Works Committee ordered reported H. R. 11714, to amend the Federal Water Pollution Act so as to increase the limitation on certain grants for construction from \$250,000 to \$500,000. p. D689
8. ELECTRIFICATION. Conferees were appointed on H. R. 13121, authorizations for appropriations for AEC projects for 1959. Senate conferees have been appointed. p. 12774
9. AREA REDEVELOPMENT. Rep. Byrd urged enactment during this session of legislation to provide Federal assistance to economically depressed areas. p. 12776

SENATE

10. TRADE AGREEMENTS. Began debate on H. R. 12591, to extend and amend the Trade Agreements Act. Adopted the committee amendments en bloc as the text for additional amendments. pp. 12655-7, 12659-60, 12674-94, 12698-9, 12718-33
11. FORESTRY. The Agriculture and Forestry Committee ordered reported the following bills without amendment:
 - H. R. 10321, to authorize the exchange of lands within the Estes Park Administrative Site, Roosevelt National Forest, for lands of equal value outside the Forest;
 - H. R. 11253, to authorize the Secretary of Agriculture to exchange certain Forest Service lands and improvements with Redding, Calif.;
 - H. R. 12161, to provide for the establishment of townsites from national forest lands;
 - S. 3248, to authorize the Secretary of Agriculture to exchange lands comprising the Pleasant Grove Administrative Site, Uinta National Forest, with a Pleasant Grove, Utah, church;

aid and assistance to the New England ground-fish industry. Extensive hearings were held on the companion measure in the House of Representatives, and hearings are presently underway here in the subcommittee of the Committee on Interstate and Foreign Commerce, of which the Senator from Maine [Mr. PAYNE] is chairman.

It has become apparent, after extensive discussion with industry and Government officials, that the revised bill which I am today offering best meets the most immediate needs of this depressed industry. I hope, therefore, that the amended version will receive the earliest possible consideration by the Congress.

I shall only add that the fishing industry, having twice established a case before the Tariff Commission for tariff relief, has been denied this relief due to pressing reasons of national security. Equity and the national interest require that this bill receive prompt attention.

The VICE PRESIDENT. The amendments will be received, printed, and will lie on the table.

AGRICULTURAL ACT OF 1958— AMENDMENTS

Mr. HILL (for himself and Mr. SPARKMAN) submitted amendments, intended to be proposed by them, jointly, to the bill (S. 4071) to provide more effective price, production adjustment, and marketing programs for various agricultural commodities, which were ordered to lie on the table and to be printed.

EXTENSION OF TRADE AGREEMENTS ACT—AMENDMENTS

Mr. ERVIN submitted an amendment, intended to be proposed by him, to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. CAPEHART submitted an amendment, intended to be proposed by him, to House bill 12591, supra, which was ordered to lie on the table, and to be printed.

Mr. CLARK submitted an amendment, intended to be proposed by him, to House bill 12591, supra, which was ordered to lie on the table, and to be printed.

Mr. CAPEHART. Mr. President, I submit an amendment, intended to be proposed by me, to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, and ask that it be printed and lie on the table. I ask unanimous consent that a statement prepared by me relative to the amendment be printed in the RECORD.

The VICE PRESIDENT. The amendment will be received, printed, and will lie on the table; and, without objection, the statement will be printed in the RECORD.

The statement presented by Mr. CAPEHART is as follows:

STATEMENT BY SENATOR CAPEHART

Great responsibility rests with the Congress in drafting reciprocal trade legislation which will meet a seemingly paradoxical situation of aiding foreign trade with the United States and at the same time avoiding harmful effects to United States industry.

We find in existent law a provision intended by the Congress to inspire trade between Western Hemisphere countries and the United States.

However, a Treasury interpretation of the Western Hemisphere Trade Corporation Act has resulted in a discriminatory situation denying smaller manufacturers the same tax benefits available to larger manufacturers operating under the act.

The amendment I submit to H. R. 12591, the reciprocal trade bill, would require the consideration by the President of the United States of the inclusion of Western Hemisphere Trade Corporation Act provisions in the negotiation of trade agreements with Western Hemisphere countries.

It would also clarify the original intent of Congress whereby the existing discrimination would be eliminated.

Under the original Western Hemisphere Trade Corporation Act, which was made a part of the Internal Revenue Code of 1942, all corporations meeting the requirements of the act would be subject to 38 percent tax. At the time the Senate Finance Committee recommended passage of the act, the committee said in its report and I quote:

"American companies trading in foreign countries within the Western Hemisphere are placed at a considerable competitive disadvantage with foreign corporations under the tax rates provided by the bill. To alleviate this competitive inequality, the committee bill relieves such corporations from surtax liability."

I call your attention to the fact that the Senate Finance Committee clearly indicated in its report that the benefits were intended to place all United States industry in a more desirable competitive position.

Treasury's interpretation provides that only those manufacturers whose Western Hemisphere trade corporation changes title outside continental United States shall benefit.

Nothing in the bill nor in the committee's report indicates it was the congressional intent to create the inequality created by the Treasury interpretation.

That there is discrimination and inequality in the effect of the interpretation is admitted by Treasury.

I have in my possession a letter from a former Acting Secretary of the Treasury in which discrimination is admitted.

Also, in answering questions before the Senate Banking and Currency Committee on small business matters a high official of the Treasury Department admitted for the record that an inequality exists.

Nevertheless, Treasury Department reports on bill S. 808, introduced by myself, and Senators FREAR, SMATHERS, and JENNER to correct the inequality, oppose its adoption.

I will present Treasury objections and answers to those objection soon.

S. 808 which is now before the Senate Finance Committee, differs from the amendment I offer today in that it would amend the Western Hemisphere Trade Corporation Act to make the tax benefits available to all qualified Western Hemisphere trade corporations which are wholly owned by manufacturers and whose products are actually shipped for consumption in a Western Hemisphere country outside the United States.

The amendment I offer today to the reciprocal trade bill would have the same effect when those conditions of sale are incorporated in trade agreements conceived under the provisions of the bill.

Now, let me point out the discrimination existing in the operation of the Western Hemisphere Trade Corporation Act under Treasury's interpretation.

The larger manufacturer has no problem in changing title to goods outside continental United States since he maintains agencies in most of the Western Hemisphere countries.

Smaller manufacturers, operating under the historical small business method of changing title at domestic banks where buyers maintain lines of credit, cannot afford to maintain agencies in the many countries of the Western Hemisphere since the volume of export for them would not support that type operation.

As a result we find the smaller manufacturer is denied a favorable competitive position with low-labor-cost countries for Western Hemisphere business.

We also find that Western Hemisphere buyers who desire United States goods are forced to purchase from other countries because of the price differential.

Many cases of lost contracts have been cited to me where a 14-point tax benefit to the United States producer would have permitted him to bid successfully for the business.

Before turning to the refutation of Treasury's argument against correction of this inequity in the law, I want to point out that hearings were held last fall by the Senate Select Committee on Small Business on the need for amending the Western Hemisphere Trade Corporation Act in the manner proposed by S. 808 and the amendment I offer today.

After considering the evidence submitted to the committee that committee said in its report, and I quote:

"Foreign trade by smaller concerns is as important to this country as trade by bigger businesses. Such trade may even be more important to the continued existence and good health of small business. Legislation permitting equal application of the Western Hemisphere trade corporation provisions to small business should be passed immediately."

At this point I want to say that the Small Business Administration, in its report to the committee on the proposed change in the Western Hemisphere Trade Corporation Act, supported the adoption of the amendment as a definite benefit to small manufacturing exporters and a means of eliminating the existing discrimination.

Also, the Export-Import Bank submitted a report supporting the proposed amendment.

As we all know the Export-Import Bank has much experience in the export problems of smaller manufacturers.

One further point of interest with regard to the support of this legislation is the fact that the House Ways and Means Committee in 1953 voted to make the change in the act.

Now it is only fair that we discuss some of the points Treasury raises in opposition to the passage of an amendment to correct the act.

First, of course, would be the fear of loss of revenue.

I can best answer that by reading from a letter I received from a smaller manufacturer who has been hurt by the existing inequality and I quote:

"As a specific illustration let us assume that one or more small companies were able to do enough export business that they were able to show a profit of \$100,000.

"At the present time the tax on this at 52 percent would amount to \$52,000.

"At the 38-percent rate which the export corporation would be entitled to the tax would be \$38,000 and the Treasury might

figure that they had lost \$14,000 revenue.

"But if these small companies were able to take enough additional business away from the large corporation export subsidiaries (which pay no United States tax) to earn a profit of \$38,000, then the small companies would pay a tax of 38 percent on \$38,000 or \$14,060, which is more than the Treasury thought they were losing."

Actually from what I saw of our competition on my visits to Latin America in recent year, I am quite confident that we can lose no revenue by this change because small manufacturers are finding it less and less possible to compete in this market.

If we are not doing the business, we cannot lose revenue. It is more likely that we would increase revenue by increasing the business potential at 38 percent.

Another point raised by Treasury in support of its interpretation is established by the wording of the report of the conference committee on the original act in 1942.

That report stated that the surtax exemption would be provided to domestic corporations deriving their income principally—here I quote from the report—"from the active conduct of the trade or business in foreign countries within the Western Hemisphere."

In other words, Treasury has said over the past years that you can qualify under the Western Hemisphere Trade Corporation Act only if you are actively conducting business in a foreign Western Hemisphere country.

If that is the case, then we find the interpretation encouraging the incorporation of United States businesses in foreign countries and we would derive no revenue whatever from its operations.

Even under that argument, we have failed to find any case where sales were made in Western Hemisphere countries by smaller manufacturers where the seller's services through representatives or engineers were not involved in consummating the sale at the consuming point.

I believe that to properly inform the Senate of the legal technicalities which have involved the Western Hemisphere Act and the proper interpretation of the intent of Congress, the following copy of a letter by Otis E. Nelson, a Wichita Falls, Tex., attorney, to John H. Wilson, president of the Wilson Export Corps., of Wichita Falls, should be inserted in my statement at this point.

NELSON, MONTGOMERY, ROBERTSON
& SELLERS,

Wichita Falls, Tex., April 21, 1958.

Mr. JOHN H. WILSON,
Wilson Export Corp.,
Wichita Falls, Tex.

DEAR MR. WILSON: This letter refers to the letter dated March 30, 1958, written by Mr. Colin F. Stam to Senator RUSSELL B. LONG and relating to Western Hemisphere corporations.

I do not agree with Mr. Stam that the interpretation of the law that a sale is completed where the title passes has been recognized by the Treasury Department as the law since the year 1921. The Treasury Department was taking a different position in the year 1936, and as Mr. Stam states, it was 1947 before the Treasury Department adopted the rule that a sale was completed at the point where the title passed.

As a matter of fact, the first time that any court passed on this problem as related to Western Hemisphere corporations was by the Tax Court in the case of *American Food Products Corporation v. Commissioner*, which is reported in 28 Tax Court, No. 3, and which was decided in 1957.

Mr. Stam cites a group of cases as disclosing the fact that this same rule of law has been in effect since 1921. I will discuss these cases as he cited them.

The first case he cites is *Compania General v. Collector* (279 U. S. 306) decided in 1929. In that case a Spanish corporation who did

business in the Philippine Islands was assessed a tax under section 10 of the Philippine Income Tax Law of March 7, 1919, as amended by act No. 2926 dated March 20, 1920, which law imposed a tax of 3 percent annually upon the total net income received in the preceding calendar year from all sources within the Philippine Islands by every corporation organized under the laws of any foreign country. The facts in the case were stipulated.

The plaintiff sued for a refund of this tax and the plaintiff recovered the income tax in the judgment of the trial court, but this judgment was reversed by the Supreme Court of the Philippine Islands. The Supreme Court of the United States granted a writ of certiorari.

The Supreme Court in passing on the stipulation, which stated that the merchandise was sold in the United States, stated that that statement could not be taken without qualification; that it must be read with the limitation immediately following that such sales were subject to confirmation and absolute control as to price and other terms and conditions by petitioner's Philippine branch. The Court stated that it did not appear whether or not the confirmation was in each case given by the Philippine branch directly to the buyer or was otherwise a final act consummating the sale within the Philippine Islands, or whether, as the trial court and the petitioner seemed to have assumed, it was a mere approval or ratification of the negotiations had by petitioner's American agent and authority to him to confirm or otherwise complete the sale in the United States. The Court held that if the confirmation was given by the Philippine branch, then the final acts of petitioner making effective the sales which were the source of profit took place in the Philippine Islands as an incident to and a part of its business conducted there. The Court then said:

"Further, in the absence of a clear showing of error, this Court should be slow to reverse the judgment of a territorial court on questions of fact or of local law."

It will thus be seen here that the Supreme Court did not state that the contingency as to whether title passed in the United States or in the Philippine Islands had anything to do with the question of whether they were doing business in the Philippine Islands. It seems to me that they decided the case on the theory that the sales were subject to confirmation and absolute control as to price and other terms and conditions by petitioner's Philippine branch.

The next case to which Mr. Stam refers is the case of *United States of America v. Israel Dalanovski et al.*, decided on August 14, 1956. That case involved a suit to recover income taxes. The question was whether the partnership which was sued was doing business in the United States. The Court in this case held in substance the following:

"Goods are deemed sold within the statute providing that a nonresident alien engaged in business in the United States derives income from a sale of personal property in the country in which the goods are sold when the seller performs the last act demanded of him to transfer ownership and title passes to the buyer.

"When documents of title, such as a bill of lading, are given up the presumption is that seller has given up title together with the documents.

"In f. o. b. and f. a. s. contracts there is a presumption that title passes from the seller just as soon as the goods are delivered to the carrier, free on board, or free along the ship, as the case may be, and this presumption is not altered by the use of a letter of credit.

"Where a member of an Argentine partnership located suppliers in the United States and took care of details of paying suppliers and shipping goods to Argentina, and the partnership negotiated sales of goods

to agency of Argentine Government in Argentina, but title to and beneficial ownership of the goods passed in the United States, the United States would be deemed to be the place of sale for such goods rather than Argentina, notwithstanding the fact that Argentina was the place where income producing contracts were formally concluded and the place of the buyer's business and destination of the goods, and therefore members of the partnership were liable for taxes on the entire profits of such partnership sales."

The next case cited was the case of *Commissioner of Internal Revenue v. Piedras Negras Broadcasting Company*.

In that case the defendant maintained a broadcasting station and an office at Piedras Negras, Mex., which was across from Eagle Pass, Tex. It had an office in Eagle Pass and maintained a mailing address there and used a hotel room there in which it counted and allocated the funds received in the mails each day. The Commissioner of Internal Revenue attempted to subject this company to the payment of income tax in the United States.

You will note that this decision was in 1942 and the Commissioner of Internal Revenue then was contending that because some of the income came from the United States and the company maintained an office in the United States that it was doing business in the United States. I do not think that this decision supports the contention of Mr. Stam that a sale is made where the title passes.

The court in deciding the case held the following:

"Where income of taxpayer, a foreign corporation, was derived exclusively from the operation of its broadcasting facilities located in Mexico or for rental of these facilities, the income was either compensation for personal services or rentals or royalties from property or both and the taxpayer had no income from sources within the United States on which tax could be levied, notwithstanding the majority of taxpayer's responses from listeners came from the United States and 95 percent of its income was from advertisers within the United States.

"Under revenue act classifying income as to the source thereof, the 'source of income is the situs of the income-producing service as respects liability of foreign radio corporation not engaged in business within the United States for income tax.'"

The case of *Commissioner of Internal Revenue v. East Coast Oil Company* (85 Fed. 2d 322, writ of certiorari denied, 57 Sup. Ct. 234), is a case which was decided in 1936 by the Court of Appeals of the fifth circuit at New Orleans.

In that case the East Coast Oil Co. S. A. was a corporation organized under the laws of Mexico, dealing in crude petroleum and having agents in the United States for the negotiation of sales. This case was appealed by the Commissioner of Internal Revenue from a decision of the Tax Court holding that this concern was not taxable on its income in the United States.

The profits sought to be taxed arose from sales of oil to parties in the United States through these agents under contracts for future delivery, payment to be made to the company's agent in the United States at delivery. Some of the contracts provided for delivery f. o. b., others for delivery c. i. f., all of the oil sold being produced in Mexico, part by the company and the balance purchased. All of the oil was delivered to ocean carriers at the company's wharf in Tampico, Mexico. The c. i. f. contracts provided for ultimate delivery at points in the United States. The contracts contained a provision that the oil should be inspected, tested, and gaged by representatives of both parties at the place of delivery. The Commissioner contended in this case that inasmuch as the

sales were negotiated in the United States and payment was made in the United States, the income was derived from sources within the United States.

You will notice here that the Commissioner did not agree at this time that the sale was made at the point where the title to the goods passed, but contended because of delivery in the United States and payment in the United States that title passed there.

The court in this case held generally as follows:

"Under sales contract providing either for delivery f. o. b. or c. i. f., title to goods passes from seller to buyer on delivery of goods to carrier, and delivery to buyer of the bill of lading and other documents of title.

"Where oil produced in Mexico by a Mexican corporation was to be delivered in the United States either f. o. b. or c. i. f., provisions of sales contract for inspection and gaging of oil at place of delivery held not to provide for passing of title to oil after its arrival in the United States so as to make income derived from sales taxable as derived from sources within the United States."

In the case of *Commissioner of Internal Revenue v. Briskey Company* (78 Fed. 2d 816), the taxpayer had purchased skins in India and had shipped the skins to itself in the United States. The Indian Government levied an income tax on the taxpayer for the profits he realized out of the skins. The Commissioner of Internal Revenue contended that the taxpayer owed income tax on the profit made on the skins because they were delivered to the United States, but the Circuit Court of Appeals for the Third Circuit held otherwise.

The court held:

"Where taxpayer's agent bought skins in India, paying therefor by drawing against letters of credit furnished by taxpayer's American customers for whom skins were purchased, and while skins were consigned to taxpayer, it acted simply as a conduit whereby skins reached buyers furnishing money to pay therefor, taxpayer held entitled to credit against its United States income taxes on account of income taxes paid on such transactions to Indian Government since sales were not made in the United States."

The last case cited by Mr. Stam is the case of *Amtorg Trading Corporation v. Higgins, Collector of Internal Revenue*, decided by the Court of Appeals of the Second Circuit and reported in 150th Federal Reports, 2d series, page 536. This decision was in 1945.

This case is not very clear. The case involved excise taxes on matches. The Amtorg Trading Corp. as seller and Northam as buyer entered into a contract that Amtorg was to deliver to Northam not less than 1,500,000 gross of matches within a period of 10 months. On some of the matches the price was fixed f. o. b. Leningrad; if these matches were shipped from some other Soviet port, the seller was to absorb the increase in freight charges. The buyer had his choice on other shipments of a price f. o. b. Leningrad or f. o. b. Hamburg. It seems that most of the bills of lading were made to the order of Amtorg. The entry papers listed Amtorg as the owner. Some of the matches were stored in warehouses in the name of another concern and Northam paid all warehouse charges. The pro forma invoices listed Amtorg as purchaser and another concern as seller. A consular invoice similarly listed Amtorg as purchaser. Prior to the filing of the lawsuit, Amtorg pledged some of the matches in the warehouse to the Chase National Bank.

The trial court in this case gave judgment for Amtorg in the sum of \$25,000, apparently on the theory that Northam had paid a part of the tax. The trial court did not pass upon the question as to whether or not the sale was made in the United States or was made in Russia. In reversing the case, the court said that the trial court applied

the wrong rule of law and that it was necessary for the trial court to determine definitely whether the sale from Amtorg to Northam occurred in the United States or in Russia. It held that Amtorg had failed to carry the burden of proof necessary to entitle it to a recovery of \$25,000 awarded to it by the district court and that there was certain evidence that was inadmissible which had been considered by the trial court.

It is my opinion that the decisions of the courts now support the rule that a sale is made in the country where the title passes, particularly the case of *American Food Products Company v. Commissioner*, which was decided in 1957 under the Western Hemisphere Corporation Act. I do not agree with Mr. Stam that the law was clear to this effect since 1921. From the decisions which he has cited you will note that the Director or Commissioner of Internal Revenue has not been consistent in his contention and from his own letter, the Commissioner did not adopt this rule until the year 1947. For that reason I do not believe that Congress could have considered that the rule of the sale occurring where the title to the property passed would be applicable to the Western Hemisphere Corporation Act.

I enclose herewith a photostatic copy of regulation 16,296.7, paragraphs (a), (b), and (c). Paragraph (c), you will note, in the first portion states that the sale will be held to have occurred in the case of personal property where the rights, title, and interest of the seller are transferred to the buyer. The last sentence of that paragraph, however, shows that the Commissioner of Internal Revenue does not intend to apply that rule if there is any way by which he can get out of it for the reason that he states that if the transaction is arranged in any particular manner for the primary purpose of tax avoidance, the foregoing rules will not be applied, but the negotiations, the execution of the agreement, the location of the property and the place of payment will be considered and the sale will be treated as having been consummated at the place where the substance of the sale occurred. This appears to me to give to the Director of Internal Revenue the option of contending that the sale did not take place where the title passed to the purchaser, but to always be able to contend that taxes will be due at the Director's discretion.

Very truly yours,

OTIS E. NELSON.

Since Mr. Nelson's letter referred to a letter dated March 30, 1958, from Mr. Colin F. Stam to Senator Long, I requested and received permission from Senator Long to use in full the reply by Mr. Nelson since it points up most decisively the reason why the Congress in 1942 could not have intended Western Hemisphere Act provisions be governed by the title-passage rule which was not established until 1947.

In closing I should like to say that by giving the President the authority to include the originally intended provisions of the Western Hemisphere Act in trade agreements with Western Hemisphere countries we will be taking long-needed action on behalf of the smaller manufacturers and at the same time strengthening our trading position with those countries.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. THURMOND:

Letter written by him to the Architect of the Capitol regarding a book entitled "The

Famous Five," referring to the five Senators whose portraits are to be hung in the Senate reception room.

By Mr. SMITH of New Jersey:

Memorandum entitled "The Prospect of Another Summit Conference," submitted to the Secretary of State.

By Mr. PROXMIRE:

Editorial and article from the Milwaukee Journal of June 7, 1958, in tribute to Carl Cramer, of Milwaukee, who gave his life to save a mother and her child.

By Mr. SPARKMAN:

Article entitled "Poor Planning, Bad Habits, and Small Business," written by Harry B. Yoshpe, and published in the July 1958 issue of the Armed Forces Management magazine.

By Mr. SCHOEPPPEL:

Article entitled "Glass Will Kill You," written by David S. Teeple, and published in the August 1958 issue of the American Mercury magazine.

By Mr. MARTIN of Pennsylvania:

Article from the Army-Navy Journal of July 12, 1958, referring to the 183d anniversary on July 29, 1958, of the United States Army Chaplaincy.

By Mr. MONRONEY:

Article entitled "The House That Black Built Up," published in the New York Times of July 5, 1958.

By Mr. NEUBERGER:

Article written by John B. Oakes, and published in the New York Times of July 13, 1958, endorsing the wilderness bill.

Letter from C. B. Stephenson, of Portland, Oreg., endorsing Senate bill 3051, the Klamath Indian Reservation purchase bill.

Letter from Maude L. Daggett, secretary of the Nehalem Bay Garden Club, of Nehalem, Oreg., endorsing the adoption of the rose as the national flower.

LANDING OF UNITED STATES MARINES IN LEBANON

Mr. SMITH of New Jersey. Mr. President, in the daily press, of course, we read a great deal about the present crisis in Lebanon. This morning, I note in the New York Herald Tribune an editorial entitled "Action To Save Lebanon"; and in the New York Times, an editorial entitled "Marines in Lebanon." I believe these editorials are very much in point and very much in support of the President's position; and I ask unanimous consent that they be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune of July 16, 1958]

ACTION TO SAVE LEBANON

The die is now cast.

President Eisenhower has heeded the urgent request of the Lebanon Republic to help preserve its integrity and independence. Under the screaming cover of jet aircraft from the aircraft carrier *Essex*, 5,000 combat-ready United States marines have landed in Beirut.

The cover proved unnecessary. Friendly Lebanese gathered as for a picnic to wave and shout at the tough leathernecks swinging up their beaches from the landing craft. "I've got a cousin in New York" cried one grinning Lebanese. "Welcome, welcome," shouted others.

The President made it most clear that the United States is acting only until the United Nations itself can adequately protect the tiny Lebanese nation, a charter member of the U. N. "In the face of the tragic and shocking events that are occurring nearby," he

said, "more will be required than the team of United Nations observers now in Lebanon. . . . We cannot, consistently with our historic relations and with the principles of the United Nations, stand idly by when Lebanon appeals itself for evidence of our concern and when Lebanon may not be able to preserve internal order and to defend itself against indirect aggression."

The President based his action on Lebanon's direct appeal, and on article 51 of the U. N. Charter:

"Nothing in the present charter shall impair the inherent right of individual or collective self defense if an armed attack occurs against a member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security."

As the marines were landing, Ambassador Henry Cabot Lodge arose in the U. N. Security Council—convened at the President's request the previous evening—to announce the fact and to express the hope that "the United Nations itself will soon be able to assume these responsibilities."

Ambassador Lodge cited section 4 of article 2 of the U. N. Charter in connection with the indirect aggression in Lebanon, represented by Egyptian propaganda and Syrian arms-smuggling:

"All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the United Nations."

In shocked and sober tones he brought home to the other delegates the horrible nature of the deeds now being perpetrated in Iraq. Only a few weeks before Iraq's scholarly Foreign Minister Fadhil al Jamali, a doctor of philosophy, had stood before the delegates, recalling how he had defended Egypt against aggression, and pleading help now for Lebanon. Ambassador Lodge reported that the mobs in Baghdad had murdered Dr. Jamali and dragged his body through the streets. "Decent people throughout the world, wherever they may be, will recoil at this monstrosity."

The Soviet delegate, Arkady Sobolev, arose to mutter ominous threats about the American action. It "could have the most serious consequences," he said, and "plunge the world into the abyss of a new world war."

Thoughtful Americans believed it far more likely that war ultimately could result from failing to act, from allowing one after another free and friendly nation to be murdered from within through the provocation and propaganda dinned daily through the Middle East by Nasser's radio and secret agents, spurred on by skilled Soviet advisers.

The whole country closed ranks behind the President.

"Under the circumstances," said former President Harry Truman, who intervened to halt Communist aggression in Korea, "the President had no other choice. The peace of the world is at stake."

Senator LYNDON JOHNSON, of Texas, majority leader of the Democratic opposition in the Senate, spoke for all Americans: "No one can foresee the future clearly. But whatever the future may hold the American people will be united. We will make it clear to the aggressors that this country is determined to maintain freedom in the world at whatever the cost."

Speaker of the House SAM RAYBURN, leader of the Democratic opposition in Congress, said the President's action was the proper thing to do.

The leaders of the President's own party backed him to the hilt. House Republican Leader JOSEPH W. MARTIN said: "The decision of President Eisenhower was the only choice he had. If we allowed this little liberty-loving people to fall undefended

against outside aggression we would have lost face with the entire free world. And it is the only course that can bring us peace. The United Nations is the proper organization to guarantee the defense of Lebanon and I believe they will share that responsibility."

WILLIAM F. KNOWLAND, Republican leader in the Senate, said that every one in the free world has "come to the realization that you cannot have the free world nibbled away bit by bit."

Britain and France were both informed beforehand. Both approved the action. Both readied their own forces and fleets for possible action. The United States Atlantic Fleet was also put on alert status.

The President has advised the Congress that additional United States troops will be sent to Lebanon as requested.

King Hussein, of Jordan, may require assistance to stave off new plots by Nasserite conspirators in his army. Furthermore, in the absence of King Faisal's government, he also becomes head of the Arab Union and as such, the legal spokesman for Iraq as well. Should Hussein request assistance it will be seriously considered.

In any event the President of the United States has drawn a line at Lebanon and said: Thus far and no farther. A line had to be drawn somewhere if big war is to be averted. For as Ambassador Lodge said: "The members of the League of Nations tolerated direct and indirect aggression in Europe, in Asia, and in Africa during the 1930's and the tragic result was to strengthen and to stimulate aggressive forces in such a way that World War II became inevitable. The United States, for its part, is determined that history shall not now be repeated."

This is the warning now laid down to Nasser and his Kremlin inciters: They shall not pass.

[From the New York Times of July 16, 1958]

MARINES IN LEBANON

In the circumstances the move taken by the United States in landing marines in Lebanon was the right one. Either the United States, and with our country the democratic West, had to give up hope of preventing the whole Middle East from falling into hostile hands or something had to be done.

Once this fact was accepted in Washington, London and Paris, the choice of what to do and what could be done was narrow. In theory our move was simply in response to an urgent request for aid from President Chamoun of Lebanon and to protect American citizens. In reality we acted to contain the revolt in Iraq and prevent the spread of the infection.

This is an abrupt change in American thinking, since we previously took the line that Lebanon did not need help and the United Nations observers were sufficient to keep things in line there. However, the Iraqi revolt has changed the picture.

In order to be successful, American military intervention must be limited in scope and effect. It must not be, nor must it have the appearance of being, an invasion of the Middle East. The Iraqi revolution was certainly inspired by Nasserism and one can guess that Soviet agents played a customary role, but on the face of it the revolt was an internal affair. Such being the case, however deplorable and dangerous it appears to be, the United States cannot step in to turn the clock back. The Lebanese Government wants to preserve its sovereignty and independence and has asked for help. As President Eisenhower pointed out, the United Nations Charter recognizes that "there is an inherent right of collective self-defense." To help Lebanon is a defensive move.

The legal and moral issues therefore seem clear enough, even though they do not by any means cover the whole situation. The fate of the Middle East could be involved, and this is the transcendent issue. If the West lost its access to the oil of the Near East or were barred from using the area as the strategic crossroads to Europe, Asia and Africa, the result could be to make the Soviet Union by far the greatest power in the world.

The United States has thus far avoided making the basic decisions in the Middle East that events are forcing upon us. A Middle East that was truly independent and neutral in the sense that India is independent and neutral under Prime Minister Nehru would offer no grave problems, even if it had to be a Middle East dominated by President Nasser of Egypt and the forces of pan-Arabism for which he stands. A Middle East allied to the Soviet Union and playing the Soviet game would be fatal. American policy has accepted neither horn of this dilemma. We have played to keep the Middle East divided into sovereign and independent states and tried to win each country separately to a support of the West. The result was a precarious balance now shattered by the revolt in Iraq.

The dynamism of the situation makes it extremely difficult and delicate to handle. The policy now followed must not drive Nasser and his group into the Soviet camp. It must not turn the Arab world against the United States and the West in general. It is not a question of popularity or unpopularity, but of winning respect and trust. Whatever is done or not done involves some danger and it is better to face danger boldly than to throw up Maginot Lines against it or fall back on appeasement.

Any move such as Washington has now taken in Lebanon is open to dispute as to whether it was right or wrong, wise or unwise. This is one way of saying that there is no obvious solution and that chances have to be taken. In our opinion the debarkation in Lebanon was a calculated risk worth taking.

Mr. JOHNSON of Texas. Mr. President, if no other Senator desires to address the Senate during the morning hour, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MANFIELD in the chair). Without objection, it is so ordered.

OBJECTION TO HEARINGS ON PASSPORT BILL BY FOREIGN RELATIONS COMMITTEE DURING SENATE SESSIONS

Mr. MORSE. Mr. President, there is pending before the Senate Foreign Relations Committee the administration passport bill. The chief architects, so far as I can ascertain, are Mr. Dulles and Mr. Murphy. I would describe their architectural work as an illegal, unconstitutional house of legislative ill fame, because it is such a serious attack upon the basic liberties of the American people, and it is, in my judgment, so in violation of the elemental principles of due process of law. Under this bill the courts would not have available to them the unrecorded, secret evidence the Sec-

retary of States would use in denying a passport. How could such a shocking proposal be made to the Congress of the United States by a President of the United States?

I consider this such a challenge to American civil rights and the constitutional guaranties of a free people that I propose to be in attendance at the committee hearings when this bill is under consideration. Therefore, I now notify the Senate that I file a standing objection to any hearing being conducted by the Senate Foreign Relations Committee on passport legislation while the Senate is in session.

I cannot be here on the floor of the Senate and in the committee room at the same time. Therefore, let the RECORD show that the senior Senator from Oregon objects to any meeting of the Foreign Relations Committee for the purpose of conducting hearings on passport legislation while the Senate is in session.

The PRESIDING OFFICER. The Chair inquires of the Senator from Oregon whether his objection applies only to passport hearings.

Mr. MORSE. Only to the passport hearings, because I intend to follow those hearings minute by minute and hour by hour, and I have a great many questions to ask the administration witnesses in regard to their bill.

Never, during my 13 years of service in the Senate, have I been so deeply moved by what I consider to be an inexcusable attack on constitutional guaranties as are to be found in the administration's proposed passport bill. Therefore, the greatest service I can render the people of the sovereign State I, in part, represent is to see to it that I am present when the hearings are held.

The PRESIDING OFFICER. The objection of the Senator from Oregon will be noted.

DEFICIENCIES OF THE LABOR BILL

Mr. GOLDWATER. Mr. President, during the course of the current hearings before the McClellan committee, dealing primarily with the infiltration of gangsters and hoodlums into the union movement in Chicago, it has become increasingly apparent that the Kennedy-Ives bill, recently passed by the Senate, is inadequate to meet the abuses now being revealed.

Time and again during debate on the Senate floor I warned that failure to include proper provisions imposing fiduciary responsibility on labor leaders as well as failure to assure effective democratic procedures in unions would result in a bill with no teeth.

Repeatedly I heard the assertion made that we must accept a moderate bill, that the Kennedy-Ives measure was the best which could be passed. I never agreed with that attitude. It is impossible for me to understand what the people who called for a moderate bill meant when they objected to offered amendments. If they meant they would only accept a bill which failed to provide means for unions to clean their own houses and failed to impose fiduciary responsibility on union leaders, the Kennedy-Ives bill, by its

many omissions, satisfies those standards.

I again desire to point out that if some of the Members of this body who were most insistent on a moderate bill as the only thing which could pass the Senate had cast their votes in favor of strengthening amendments, their votes alone would have been the margin of difference between the bill which is presently on Speaker Rayburn's desk and the strong bill which was needed, and which, with their help, could have been passed.

I, therefore, urge the House of Representatives carefully to consider this measure, in full hearings before its Education and Labor Committee, in order to correct its obvious weaknesses in the light of the disclosures now being made before the McClellan committee, and to provide the amendments which are absolutely necessary to give protection to rank and file union members.

I might point out that some of the fifth amendment witnesses themselves recognize that strong legislation is needed. Thus, yesterday, in answer to a direct question put by a member of the McClellan committee to James O'Connor, former business agent and president of Local 394, Cooks, Waiters and Miscellaneous Union of Chicago, who, by the way, took the fifth amendment many times, as to whether the Congress ought to pass a law making it a crime for a union official to use his union office to engage in extortion, Mr. O'Connor answered, "Yes." If an affected labor union official agrees that laws are needed to protect union members, there can scarcely be any justification for the failure of the Congress of the United States to pass the needed legislation.

TRADE AGREEMENTS EXTENSION ACT OF 1958

Mr. BUSH. Mr. President, the Senate faces action on the Trade Agreements Extension Act at a very fateful time in the history of this country. This is a crucial hour in which we find ourselves and in which our friends of the free Western World find themselves. It is perhaps unfortunate, yet it may be fortunate in another way, that the proposed legislation must be considered under such circumstances.

Mr. President, I strongly urge the Senate to restore the language written into the trade agreements extension bill by the House of Representatives, and to reject the crippling amendments which have been placed into the bill by the Committee on Finance of the Senate.

We have operated for some 24 years under the legislation which is now up for extension. During that period of time, as a nation we have increased our imports from some \$2 billion a year to approximately \$20 billion a year. We have attained a business in exports which represents approximately 5 percent of the gross national product of the United States, and that 5 percent is a very important factor to many, many companies in the United States. We have developed, in connection with exports, business which it is estimated em-

plays 4½ million people. This has become a very vital matter to the United States.

More than that, Mr. President, in this day and age, with communications so excellent and travel so easy, and with a battle raging between the free world and the Communist nations of it world, it is absolutely essential, in my view, that we do what we can to improve the trade relations among the free countries of the world. Trade will bring these countries closer together, and increase their confidence in each other and their dependence upon each other. Trade will thus bring the free nations closer together spiritually, politically and socially, which I think will be greatly to the advantage of the United States in the long run.

Mr. President, I intend to support amendments to the bill which will extend the Trade Agreements Act for 5 years rather than 3 years, which the committee recommends, and amendments which will restore to the bill the House provision in connection with escape clause proceedings and appeals therefrom. I think these matters are of vital importance to the United States.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. BUSH. I yield to the Senator from Kentucky.

Mr. COOPER. Mr. President, as the Senate begins debate on the extension of the Reciprocal Trade Agreements Act, I should like to associate myself with the remarks which have been made by the distinguished Senator from Connecticut. I know many of us are in accord with the statement which was made by Secretary of Commerce Weeks, that the committee bill would "completely emasculate the legislation" proposed by the administration.

I know many Senators want to support amendments which will make the bill effective and in accordance with the proposal submitted by the President. We have complete confidence in our colleagues on the committee who have attempted to make the bill effective. We want to support our colleagues. We want to have the chance to support them.

I express the hope that the administration will not agree to compromises which will make the act ineffective. I believe if the bill is passed in the form in which it has been submitted by the Senate Committee on Finance it will be a sham Reciprocal Trade Agreements Act.

Undoubtedly the most damaging amendment written by the committee is the so-called escape-clause amendment, which would in effect make the President a figurehead. This amendment alone would emasculate the Trade Agreements Act.

All of us have problems concerning industries in our States. We have had to make the decision that the act in the long run is best for the country. That is the decision we have made. I hope that there will be no compromises. I hope we shall have a chance to restore the bill to its original form.

I join with my friend from Connecticut in support of his position.

Mr. CASE of New Jersey and Mr. BUTLER addressed the Chair.

The PRESIDING OFFICER. The Chair wishes to state that the Senate is proceeding in the morning hour.

Mr. BUSH. Mr. President, I should be glad to yield to the Senator from New Jersey on his own time, if that is in order. Otherwise, I shall yield the floor.

The PRESIDING OFFICER. Does the Senator ask for additional time?

Mr. BUSH. Mr. President, I ask unanimous consent that I may yield to the Senator from New Jersey for not to exceed 3 minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Connecticut? The Chair hears none, and it is so ordered.

Mr. CASE of New Jersey. Mr. President, I thank the Senator from Connecticut. I wish to associate myself with the remarks of the Senator from Connecticut and the Senator from Kentucky in vigorously opposing the amendments which the Committee on Finance has recommended to the bill as passed by the House of Representatives. As the Senator from Kentucky said, I think the most harmful of the amendments is that relating to the so-called escape clause, under which it would be necessary, if the President wished to make a determination different from the recommendation of the Tariff Commission, to have his determination supported by a majority vote of both Houses. This, I think, would effectually tie the hands of the President, and render practically nugatory the whole mechanism of the reciprocal trade program.

I agree equally with respect to the limitation of 3 years instead of 5 years, as approved by the House of Representatives, and the provision which would limit to 5 percent a year, noncumulative, the reduction which might be made, instead of the cumulative authority voted by the House which would make possible a total reduction of 25 percent and which could be applied at rates up to 10 percent a year.

These things, as has been stated, ought to be done at this time, particularly in view of the fact that the European Common Market is now getting underway. It is essential for this country to be able to work into a freer and more flexible pattern of trade with the countries of that union. If the President is not given at least the power provided by the House of Representatives in the bill the House passed, the whole program may well collapse.

Again I express my vigorous concurrence with the remarks of the Senator from Connecticut and the Senator from Kentucky on these matters.

Mr. BUSH. Mr. President, I thank the Senator from Kentucky [Mr. COOPER] and the Senator from New Jersey [Mr. CASE] and compliment them on the fine statements they have made on this highly important issue.

WE MUST FIND THE ANSWER TO PAN-ARAB NATIONALIST PROPAGANDA; WE MUST REFUTE POISON WITH THE TRUTH WHICH SETS MEN FREE

Mr. WILEY. Mr. President, the Nasser-incited situation in Iraq, in Lebanon,

in Jordan, should not have come as much of a surprise as it apparently did.

For months and months, Egyptian propaganda sources have been poisoning the minds of the peoples of the Middle East and have been building up to the present situation.

What have they been poisoning the Arab peoples against? Poisoning against the United States and her allies, against Western influence—yes, against the white man.

Cairo Radio represents one of the most powerful propaganda agencies in the world. It utilizes 11 strong transmitters, beaming a stream of radio broadcasts into the surrounding regions and into Africa, urging violence and assassination against the white man, the European, the Westerner.

Mr. President, we must find the answer to this hateful propaganda.

We must make known the truth—the truth which sets men free. We must demonstrate to the Arab peoples:

First. We, of the United States, certainly do not oppose the desire of the Arab peoples to gain greater unity. An Arab nationalism which is reasonable, which is enlightened, is something which we support and favor, for we are proud of our own nationhood.

Second. We do not believe in oppression of the Arab peoples from any source. We oppose imperialism and colonialism. We oppose feudalism and serfdom.

Third. We strongly support the Arab peoples in their desire for raising of their own standards of living.

HOW NASSER'S ACTIONS BELIEVE THESE THREE GOALS

But considering these three principles, what has President Nasser actually done? The record will show that he has done exactly the opposite of what he professes. It is not an enlightened nationalism which Nasser invokes, but a blind nationalism which hates, which seeks to destroy.

He speaks as a so-called foe of Western imperialism. Yet, from Nasser's own aggressive action in the Sudan and elsewhere, it is clear that he, himself, is imperialistically ready, willing, and eager to dominate other countries and make them the serfs of Cairo.

And, so far as Egypt's own standards of living are concerned, what, precisely, has he accomplished for his own Egyptian people? How many Egyptian houses has he built; how many hospitals, how many schools? How much more food has he put into the stomachs of the Egyptian people; and how much of their sickness has he helped to cure? When, Mr. President, you try to answer the last question, you can understand why Nasser now seeks to direct the attention of his people into military adventures.

No, Colonel Nasser's phony claims are refuted by his actions. He condemns us, of the West, yet he, himself, is guilty of the very same crimes of which he so wrongly accuses us.

The answer to the problem of the Arab peoples must come from the Arab nations themselves. Responsible, moderate leadership is the only answer to the problems of the Arab peoples.

But, because of the poison from Cairo Radio; because of the subsidizing of

street mobs with Cairo gold, because of the hiring of assassins, President Nasser has made it virtually impossible for Arab moderates to survive. An Arab moderate can often expect for his pains little but a bullet in his back from a hired assassin.

This, then, is the grim situation which we face, and which poses such a problem to the world: How to help the Arab peoples cleanse the poison from their bloodstream.

PRESIDENT EISENHOWER HAD NO ALTERNATIVE

Of course, we might have hoped that it would not have proven necessary to dispatch United States Marines to Lebanon. But, as Harry Truman himself stated, Dwight D. Eisenhower had no alternative if American lives and property, at the very minimum, are to be protected.

MILWAUKEE JOURNAL EDITORIAL EXPOSED CAIRO RADIO

In last Saturday's issue of the Milwaukee Journal, there was a very fine editorial on the poisoning by Cairo Radio of the minds of the Middle East. This editorial demonstrates why the situation which we face today could have been foreseen, at least in part. I ask unanimous consent that the editorial be printed in the body of the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CAIRO RADIO BLASTS AWAY WITH LIES—THEY HAVE EFFECT

Cairo Radio, the many tongued voice of President Nasser, has been busy for some time telling the Lebanese what is happening in Lebanon. It reports bombings in Beirut that never occurred. It reports street battles in places that have known nothing but quiet since the civil war started. Almost completely, Cairo Radio makes up its news.

This is typical wherever Cairo Radio is received. In Jordan not too long ago, for instance, Cairo Radio was announcing that the streets of Amman were running with blood. To one walking down the streets, as we were recently, all heavily guarded by police and the former Arab legion, the broadcasts seemed exceedingly clumsy. Surely, one thought, Nasser's propagandists were discrediting themselves.

To an extent, they do. But the overall pounding from Cairo and the constant use of the big lie techniques has a powerful effect.

The force of Cairo Radio over the Middle East and Africa can't be underestimated. The New York Times, in a current survey, estimates that there are 11 big transmitters being used now by Nasser and half a dozen more, obtained from Czechoslovakia, almost ready to go into operation.

These beam Nasser's propaganda to all quarters of the Arab world. They blanket Africa. They even reach into Israel for 3 hours a day, and do it in the Hebrew language. For 19 hours and 15 minutes a day, not counting special broadcasts aimed at Europe and Asia, Nasser's view of the world goes forth in dozens of tongues, from Arabic to Somali, from Sudanese to Ashanti.

To western ears the voice is often jarring in its intemperance. It repeatedly speaks of foreigners as "white dogs, imperialists, bloodsuckers, colonialist oppressors." It promises a world in which western pythons will be driven out and Pan-Arabism will take over. Even more bitter names are hurled at the Arab kings of Iraq and Jordan who oppose Nasser.

And the words are welcome to many Arab ears, and perhaps to some African ears which

perceptive article on this country's vocational education program. The article, written by Richard C. Davids, appeared originally in the March 1958 issue of the *Farm Journal*. Selecting examples of outstanding programs of vocational education from Louisiana, Kentucky, and my own State of Minnesota, Mr. Davids sketches an illuminating picture of a constructive and important, though often neglected, part of the American educational system.

Some time ago, the Soviet Union fired an earth satellite and dramatized, thereby, a challenge to the United States and American education. This challenge was underscored this morning by the distinguished junior Senator from Pennsylvania [Mr. CLARK].

After the initial hubbub from sputnik subsided, there remained a continuing and healthy concern over the quality of our education. Comparative studies of Russian and American educational standards and methods were undertaken and proved useful in pointing out weak spots in the American educational program—weaknesses which are in need of remedy if we are to build a strong educational foundation for future generations.

Yet, despite this apparently widespread concern over education, the administration has failed to introduce any comprehensive program for the improvement of American educational standards and facilities. In fact, its only effort has been a scholarship program of disappointingly narrow scope, to which I referred earlier today, in colloquy with the Senator from Pennsylvania [Mr. CLARK]. Moreover, not only has the administration refused to exercise mature and responsible leadership in strengthening American instruction; in some areas of education, it has sought to abandon responsibilities already effectively discharged by the Federal Government under programs introduced by previous Democratic administrations.

One such area is vocational education. Perhaps the most alarming fact to emerge from the recent comparisons of Soviet and American educational systems was a revelation of the academic vacuum which exists at the level between American high schools and professional training. With the increasing complexity of tasks in industry and agriculture, there has arisen a demand for skilled technicians requiring men with preparation beyond the high school, but not at the professional level. To meet this demand, the Soviets have constructed an elaborate system of *Tekhnikums* or technical schools. In contrast, the present administration, rather than extending vigorous and forceful leadership in the development of such a system of vocational education, has called for a wholesale withdrawal of existing Federal support from vocational instruction programs.

To replace Federal aid, the administration would return to the States 40 percent of the proceeds from taxes on local telephone service. As 70 percent of such a rebate would accrue to one-quarter of the States in the Union, it can hardly be hoped that this refund

would constitute a practical means of financing a geographically balanced vocational education system. Moreover, there is no assurance that the returned funds would be employed to defray the costs of vocational education. While it can be expected that some States would assume the increased burden and would seek to maintain these programs at a full level, it is too much to hope that every State would do so.

The continuation of Federal aid is essential to the continued growth and prosperity of vocational education, such as under the George-Barden Act, which was sponsored by one of the truly great Members of the Senate, the late and beloved Senator George, of Georgia. Yet at a time when we should be expanding vocational education, instead of curtailing it, the administration proposes to wipe out 40 years of progress toward improved educational opportunities for young people unable to continue with higher education beyond high school. When we consider that nearly 80 out of every 100 children entering school will not enjoy the benefits of college education, it is clear that the Government's responsibility in maintaining intermediate schools is of too great importance to be disregarded. To sacrifice the vocational future of our youth and squander valuable technological potential on the budgetary altar of this administration is foolhardy and is simply another example of the ridiculousness of this kind of fiscal and budgetary policy.

A service rendered by vocational schools which is currently of particular importance is the technical education of farmworkers interested in finding non-agricultural employment. Such training is essential if we are effectively to transfer unemployed farmworkers to sectors of the economy where they are needed. Indeed, such a transfer has been repeatedly lauded by Secretary of Agriculture Ezra Taft Benson as a solution to our current farm problem.

Yet the administration would curtail the operation of training centers which are instrumental in securing the very movement of farmworkers out of agriculture so urgently demanded by the Secretary of Agriculture. It verges on the ridiculous for some administration leaders to be demanding industrial employment of farmers at precisely the same time that other administration leaders are hindering the process by which such employment is to be achieved.

My own State of Minnesota furnishes an excellent example of what a vigorous and energetic State government can accomplish with Federal aid. In 1955 over 77,000 men and women were enrolled in the 645 vocational guidance centers located throughout the State. Providing some 82 percent of the funds required by the program, State and local governments have contributed heavily toward insuring that their youth and adults have an opportunity for vocational training. Much has been done to insure ample opportunity for technological training, but much more remains to be done—much that cannot be done without continued and expanded Federal aid. With the State of Minnesota as an example

of the possibilities of vocational education, let us train our sights on the future of all our youth, and make sure that they have adequate opportunities to become constructive, contributing citizens.

Therefore, Mr. President, I ask unanimous consent to have the article to which I have referred printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE KIND OF SCHOOL WE NEED EVERYWHERE

(By Richard C. Davids)

You've seen many a boy—maybe your own—who was just sort of lost after getting out of school.

He didn't want to go on to college—or couldn't, he wasn't interested in farming or he couldn't get a start in it. He worked for a while in a gas station, then drifted on to other jobs—always starting at the bottom.

I've just visited a kind of school that's tailor made to help boys and girls like this. It turns them into top-notch machinists, secretaries, draftsmen, and electronics specialists. Does it in 18 months to 2 years, too, and practically guarantees that they'll move directly into highly paid jobs.

Called an area vocational school, its the type we've needed everywhere, especially in rural areas, to take over where high schools leave off. And we need them more than ever right now, when the farm population is declining.

Russia's satellites have removed all doubt of it. A college-trained engineer or scientist—to get the most out of his training and experience—needs an average of five technicians.

We don't begin to have that many, and as a result, many of our scientists are doing work that skilled technicians could easily handle. Technicians are well paid, and their work is important, indeed vital.

We've had vocational schools for years. But not enough of them. And nearly all have been in big cities, far out of reach of farm boys and girls.

Some far-sighted Louisiana educators recognized this problem 20 years ago and put up a few vocational schools in rural areas. They did such a good job that now the State has 27 schools, each serving 2 or 3 counties (called parishes in Louisiana).

I spent a week studying the school at Crowley (population 12,000) which handles students from Acadia and Lafayette Parishes. And if I'm not mistaken, it offers a pattern that farm people everywhere might study hard.

In this bayou county of big families, farm boys by the hundreds have been forced to leave the farm—just no more farmland left. The school at Crowley has helped ease the shift to town jobs.

Nearly half the tradesmen in the area learned their life's work there.

"It's the most important part of the town," said G. K. Cutrer, a banker.

Since the war, a big share of the students have been GI's in training, but now a growing number of the 550 who crowd the school from 8 a. m. till 10 p. m. are fresh out of high school. A third are still in high school, sampling several trades to see which suits them best.

Adults come too. In fact, any time that enough people want a course, area vocational schools can usually offer it.

Farmers learn welding, diesel repair, electric wiring—skills that will save them considerable money. A few come to learn a new trade altogether. They need it if they're going to get a decent job in town. There is no tuition charge. School runs the whole year long. There are no semesters or terms. A

student simply begins as soon as there is room and his application is approved.

Each student works at his own speed. He can go from one job to the next as fast as he picks up a new skill. No wonder you don't see boys loafing or bored. The whole place has more the air of a busy industry than a school.

Rules are strict. Students punch in on a timeclock, and a boy with only three unexcused absences is dropped. A boy doesn't leave one job until he's proficient at it. In auto repair, for instance, he has to overhaul a transmission in the 3 hours or so allotted by a mechanic's flat-rate book.

Beyond that, the school trains a boy to open up his own business, even serves as an employment agency. Hardly a day passes but what some business—a Texas oil company or Detroit auto manufacturer—calls for boys.

During my stay at Crowley, 5 farm boys, after 1,200 hours of training as draftsmen, went to work for architects in Baton Rouge at good pay.

"The big trouble," says the school director J. W. Mitchell, "is keeping boys until they've finished. The offer of a good job sometimes argues louder than a diploma."

What is the cost of a school like this? About \$325 a year per pupil for everything, or about like the average high school. Since most courses are 2 years long, that's a total of \$650 for each pupil. Not much when you remember that it's fitting a boy for a lifetime of work.

Let's see what that expenditure can mean to a farm boy. Norvin Langlinais got out of the Marines and started farming, but he decided that three families were too many on one place.

He took the 2-year farm mechanics course at the Abbeville, La., school and took a job in the local Ford tractor shop. When it came up for sale, he scraped together enough cash to buy it.

Farmers say he's one tractor man who gives good quick service. He has done so well that he hired another graduate of the school to assist him.

I asked Norvin what he might be doing without his school training.

"Probably day labor in a rice mill or roustabout work in the oilfields. There aren't many unskilled jobs left."

We heard that story again and again. A farm boy without special training finds just about every door locked to him, except unskilled, low-pay work.

Two Abbeville students bought out a radio and TV shop. Another started his own auto air-conditioning business.

Do those seem like highly specialized skills? They are. If you haven't visited a modern vocational school, you'll be amazed at the contrast with yesterday's "manual training and welding shops." No wonder Louisiana is winning a reputation among industrialists as a place to get topnotch craftsmen.

So, too, is Kentucky. Stop in at Paintsville and visit the Mayo School there if you ever go through Kentucky.

A family from Hershey, Pa., did that 2 years ago and were so impressed that they dropped their boy off at the dormitory and left him to start school. He's back home now on a good job, thanks to his training.

A boy came who had worn out his welcome at two high schools. He hated math, couldn't do fractions. Within the year he was doing trigonometry. Why? Because he needed it to be a machinist, and could see a point in "wading through that stuff." Learning for the sake of making a living is a powerful spur.

Elmer Stevenson was a mountain farm boy who wanted to become a welder. He had no hands. They had been burned off. The Mayo School sent him home—there were too many able-bodied boys waiting to get in. But he came back again and again until

finally he was enrolled. After a heroic struggle he learned to weld, holding the torch with his elbows. Two years after he got a job in Detroit he won a prize as the fastest welder in the factory.

Good vocational training can change the lives of people.

I talked to a man of 52 who, after 20 years in the coal mines, could no longer work underground. He was driving 62 miles each way to school, learning auto repair along with his son who was studying bodywork. After only 6 months of school, they had more business than they could begin to handle after hours at home. His teacher told me: "We could place four times the men we can turn out."

A boy in welding took a job in West Virginia, came back a week later and took the whole class back to start work. The last two farm boys out of the electronics department in Lexington went to work for \$625 a month—quite a salary for mountain boys with 2 years' training beyond high school.

Industry keeps a sharp watch on the area around a vocational school as a place to put a factory. The Diamond Match Co. picked a site outside Paintsville, largely because of the Mayo school. The director said: "I've been kept busy the last 2 years showing the school to site locators for industry."

Kentucky has 13 other area vocational schools, but that isn't nearly enough. James L. Patton, State director of vocational education, says that every school has waiting lists.

Minnesota has several fine area vocational schools in rural areas.

Farm Journal goes on record as strongly in favor of State aid to provide for more funds for area vocational schools. We need such schools to keep America strong and we need them for the sake of farm boys and girls.

Why not do something about it in your community and your State?

Mr. BUTLER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MONRONEY in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUTLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Without objection, it is so ordered.

Is there further morning business? If not, morning business is closed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 1045) to amend the Soil Conservation and Domestic Allotment Act, as amended.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 12575) to provide for research into problems of flight within and outside the earth's atmosphere, and for other purposes.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter

into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. BYRD obtained the floor.

Mr. MALONE. Mr. President, will the Senator from Virginia yield, so that I may submit a correction of the report on the bill?

Mr. BYRD. I yield.

Mr. MALONE. Mr. President, Report No. 1838 on House Bill 12591 contains an error on page 28, in the minority views. The next to the last paragraph on that page reads as follows:

Our foreign trade has been maintained by supplying foreign countries with more than \$125 million extracted from the taxpayers and made available to foreign governments to use in buying American products.

The latter part of the paragraph should read: "\$125 billion extracted from the taxpayers and made available to foreign governments to use in buying American products."

I ask that the correction be made.

The PRESIDING OFFICER. The correction will be made.

Mr. BYRD. Mr. President, as is customary, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as thus amended be considered as original text for the purpose of amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments which were agreed to en bloc are as follows:

On page 1, line 9, after the date "June 30," to strike out "1963" and insert "1961"; on page 3, line 17, after the word "by," to strike out "25" and insert "15"; on page 4, line 19, after the word "than", to strike out "five" and insert "three"; in line 20, after the word "exceed", to strike out "10" and insert "5"; in line 23, after the word "such", to strike out "10" and insert "5"; on page 5, at the beginning of line 4, to strike out "five" and insert "three"; in line 13, after the word "than", to strike out "five" and insert "three"; after line 16, to strike out:

"(C) In the case of any decrease in duty to which subparagraph (A) of this paragraph applies, no part of a decrease after the first part shall become initially effective (i) until the immediately previous part shall have been in effect for a period or periods aggregating not less than 1 year, nor (ii) after the first part shall have been in effect for a period or periods aggregating more than 4 years. If any part of a decrease has become effective, then any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the 4-year period expires."

And, in lieu thereof, to insert:

"(C) In the case of any decrease in duty to which subparagraph (A) of this paragraph applies, no part of a decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than 1 year. No part of any decrease in duty to which the alternative specified in subparagraph (A) (i) of this paragraph applies shall become initially effective after the expiration of the 3-year period which begins July 1, 1958. If any part of such decrease has become effective, then for the purposes of the preceding sentence any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in deter-

mining when the 3-year period expires."

On page 9, after line 22, to strike out:

"Sec. 6. Subsection (c) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (c)), is amended by inserting '(1)' after '(c)' at the beginning thereof, and by adding at the end thereof the following:

"(2) The action so found and reported by the Commission to be necessary shall take effect (as provided in the first sentence of paragraph (1) or in paragraph (3) as the case may be)—

"(A) if approved by the President, or

"(B) if disapproved by the President in whole or in part, upon the adoption by both Houses of the Congress (within the 60-day period following the date on which the report referred to in the second sentence of paragraph (1) is submitted to such committees), by the yeas and nays by a two thirds vote of each House, of a concurrent resolution stating in effect that the Senate and House of Representatives approve the action so found and reported by the Commission to be necessary.

For the purposes of subparagraph (B), in the computation of the 60-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die.

"(3) In any case in which the contingency set forth in paragraph (2) (B) occurs, the President shall (within 15 days after the adoption of such resolution) take such action as may be necessary to make the adjustments, impose the quotas, or make such other modifications as were found and reported by the Commission to be necessary."

"Sec. 7. (a) The following subsections of this section are enacted by the Congress:

"(1) As an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in such House in the case of resolutions (as defined in subsection (b)); and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

"(2) With full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

"(b) As used in this section, the term 'resolution' means only a concurrent resolution of the two Houses of Congress, the matter after the resolving clause of which is as follows: 'That the Senate and House of Representatives approved the action—

"(1) found and reported by the United States Tariff Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, in its report to the President dated , 19 , on its escape-clause investigation No. under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), and

"(2) disapproved by the President in whole or in part in his report (dated , 19) pursuant to the second sentence of paragraph (1) of section 7 (c) of such act,' the blank spaces therein being appropriately filled; and does not include a concurrent resolution which specifies more than one such investigation.

"(c) A resolution with respect to an investigation shall be referred to the Committee on Finance of the Senate or to the Committee on Ways and Means of the House of Representatives by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

"(d) (1) If the committee to which has been referred a resolution with respect to an

investigation has not reported it before the expiration of 10 calendar days after its introduction (or, in the case of a resolution received from the other House, 10 calendar days after its receipt), it shall then (but not before) be in order to move either to discharge the committee from further consideration of such resolution, or to discharge the committee from further consideration of any other resolution with respect to such investigation which has been referred to the committee.

"(2) Such motion may be made only by a person favoring the resolution, and shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same investigation), and debate thereon shall be limited to not to exceed 1 hour, to be equally divided between those favoring and those opposing the resolution. No amendment to such motion shall be in order, and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

"(3) If the motion to discharge is agreed to or disagreed to, such motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same investigation.

"(e) (1) When the committee has reported, or has been discharged from further consideration of, a resolution with respect to an investigation it shall at any time thereafter be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of such resolution. Such motion shall be highly privileged and shall not be debatable. No amendment to such motion shall be in order and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

"(2) Debate on the resolution shall be limited to not to exceed 10 hours, which shall be equally divided between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order, and it shall not be in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

"(f) (1) All motions to postpone, made with respect to the discharge from committee, or the consideration of, a resolution with respect to an investigation, and all motions to proceed to the consideration of other business, shall be decided without debate.

"(2) All appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to an investigation shall be decided without debate.

"(g) If, prior to the passage by one House of a resolution of that House with respect to an investigation, such House receives from the other House a resolution with respect to the same investigation, then—

"(1) If no resolution of the first House with respect to such investigation has been referred to committee, no other resolution with respect to the same investigation may be reported or (despite the provisions of subsection (d) (1)) be made the subject of a motion to discharge.

"(2) If a resolution of the first House with respect to such investigation has been referred to committee—

"(A) the procedure with respect to that or other resolutions of such House with respect to such investigation which have been referred to committee shall be the same as if no resolution from the other House with respect to such investigation had been received; but

"(B) on any vote on final passage of a resolution of the first House with respect to such investigation the resolution from the other House with respect to such investigation shall be automatically substituted for the resolution of the first House."

And, in lieu thereof, to insert:

"Sec. 6. Subsection (c) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (c)), is amended to read as follows:

"(c) (1) Within 30 days after receipt of the Tariff Commission's recommendations, the President shall proclaim such adjustments in the rate or rates of duty, impose such quotas, or make such other modifications as are recommended by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, unless, prior to the expiration of such 30 days, the President shall have submitted a report to the Congress recommending that no such adjustments or modifications be made, or no such quotas be imposed, or recommending a rate of duty as an alternate to that recommended by the Tariff Commission, or recommending a quota as an alternate to that recommended by the Tariff Commission, or recommending a rate of duty as an alternate to a quota recommended by the Tariff Commission, or recommending a quota as an alternate to a rate of duty recommended by the Tariff Commission, as a means of preventing or remedying serious injury to the respective domestic industry, be adopted. If either the Senate or the House of Representatives, or both, are not in session at the time of such submission, such report shall be filed with the Secretary of the Senate or the Clerk of the House of Representatives, or both, as the case may be.

"(2) If the President submits his report to the Congress while the Congress is in session and more than 90 days before the date on which the Congress adjourns sine die, he shall, within 90 days after the submission of such report, proclaim such adjustments, quotas, or other modifications as have been recommended by the Commission, unless, prior to the expiration of such 90 days, both Houses of Congress shall have adopted a concurrent resolution stating in effect that the Senate and House of Representatives approve the recommendations made by the President, in which event the President shall proclaim the recommendations so approved. If the President submits his report—

"(A) when the Congress is not in session, or

"(B) less than 90 days before the adjournment of the Congress sine die and the Congress before such adjournment has not acted on a concurrent resolution approving the recommendations made by the President, the adjustment in the rate or rates, quotas, or other modifications specified in the recommendations of the Commission shall become effective 90 days after the date on which the next session of the Congress begins, unless during such 90-day period the Congress, by concurrent resolution, shall have approved the President's recommendations.

"(3) In any case of divided vote calling for the application of subsection (d) (1) of section 330 of the Tariff Act of 1930 (19 U. S. C., sec. 1330), as amended, the findings and recommendations of the Commission for the purposes of this subsection shall be the findings and recommendations of that group within the Commission which recommends the greatest measure of relief (as specified by the President in his report to the Congress pursuant to paragraph (1)), and which the President is authorized to consider as the findings and recommendations of the Commission under such section 330."

"SEC. 7. (a) The following subsections of this section are enacted by the Congress:

"(1) As an exercise of the rulemaking power of the Senate and the House of Representatives, respectively and as such they shall be considered as part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in such House in the case of resolutions (as defined in subsection (b)); and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

"(2) With full recognition of the constitutional right of either House to change such rules (so far as relating to the procedures in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

"(b) As used in this section the term 'resolution' means only a concurrent resolution of the two Houses of Congress, the matter after the resolving clause of which is as follows (with appropriate changes to cover the situation referred to in section 7 (c) (3) of the Trade Agreements Extension Act of 1951, as amended by the Trade Agreements Extension Act of 1958): 'That the Senate and House of Representatives approve the action recommended by the President in his report (dated , 19) pursuant to paragraph (1) of section 7 (c) of the Trade Agreements Extension Act of 1951, as amended, disapproving in whole or in part the action found and reported by the United States Tariff Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, in its report to the President dated , 19 , on its escape clause investigation numbered under the provisions of section 7 of such act,' the blank spaces therein being appropriately filled; and does not include a concurrent resolution which specifies more than one such investigation.

"(c) A resolution with respect to an investigation shall be referred to the Committee on Finance of the Senate or to the Committee on Ways and Means of the House of Representatives by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

"(d) (1) If the committee to which has been referred a resolution with respect to an investigation has not reported it before the expiration of 10 calendar days after its introduction (or, in the case of a resolution received from the other House, 10 calendar days after its receipt), it shall then (but not before) be in order to move either to discharge the committee from further consideration of such resolution, or to discharge the committee from further consideration of any other resolution with respect to such investigation which has been referred to the committee.

"(2) Such motion may be made only by a person favoring the resolution, shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same investigation), and debate thereon shall be limited to not to exceed 1 hour, to be equally divided between those favoring and those opposing the resolution. No amendment to such motion shall be in order, and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

"(3) If the motion to discharge is agreed to or disagreed to, such motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same investigation.

"(e) (1) When the committee has reported, or has been discharged from further consideration of, a resolution with respect to an investigation it shall at any time thereafter be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration

of such resolution. Such motion shall be highly privileged and shall not be debatable. No amendment to such motion shall be in order and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

"(2) Debate on the resolution shall be limited to not to exceed 10 hours, which shall be equally divided between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order, and it shall not be in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

"(f) (1) All motions to postpone, made with respect to the discharge from committee, or the consideration of, a resolution with respect to an investigation, and all motions to proceed to the consideration of other business, shall be decided without debate.

"(2) All appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to an investigation shall be decided without debate.

"(g) If, prior to the passage by one House of a resolution of that House with respect to an investigation, such House receives from the other House a resolution with respect to the same investigation, then—

"(1) If no resolution of the first House with respect to such investigation has been referred to committee, no other resolution with respect to the same investigation may be reported or (despite the provisions of subsection (d) (1)) be made the subject of a motion to discharge;

"(2) If a resolution of the first House with respect to such investigation has been referred to committee—

"(A) the procedure with respect to that or other resolutions of such House with respect to such investigation which have been referred to committee shall be the same as if no resolution from the other House with respect to such investigation had been received; but

"(B) on any vote on final passage of a resolution of the first House with respect to such investigation the resolution from the other House with respect to such investigation shall be automatically substituted for the resolution of the first House."

On page 23, line 18, after the word "and", to strike out "if" and insert "unless"; in line 19, after the word "is", to insert "not"; in line 21, after the word "security", to insert "as set forth in this section"; in line 24, after the word "article", to insert "and its derivatives", and in the same line, after the word "not", to insert "so"; on page 24, line 15, after the word "requirements", to insert "in the Administration of this section, the Director and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries; and any unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security."; and on page 27, after line 16, to insert a new section, as follows:

"SEC. 11. (a) There is hereby established a bipartisan commission to be known as the Commission on International Trade Agreement Policy.

"(b) (1) The Commission shall be composed of nine members as follows:

"(A) three appointed by the President of the United States none of whom shall be

from the executive branch of the Government;

"(B) three appointed from the Finance Committee of the Senate by the Vice President; and

"(C) three appointed from the Committee on Ways and Means of the House of Representatives by the Speaker of the House of Representatives.

"(2) No more than two members from each class shall be from the same political party.

"(c) The Commission shall elect a Chairman and Vice Chairman from among its members.

"(d) Six members of the Commission (including at least four who are Members of Congress) shall constitute a quorum.

"(e) (1) Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

"(2) The members from private life shall receive not to exceed \$75 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

"(f) (1) The Commission may appoint such personnel as it deems advisable, without regard to the civil-service laws, and shall fix the compensation of such personnel in accordance with the Classification Act of 1949, as amended. The Commission may procure temporary and intermittent services in accordance with section 15 of the act of August 2, 1946 (5 U. S. C., sec. 55a), but at rates not to exceed \$75 per diem for individuals. The Commission may reimburse employees, experts, and consultants for travel, subsistence, and other necessary expenses incurred by them in the performance of their official duties and make reasonable advances to such persons for such purposes.

"(2) Except for members of the Commission appointed by the Vice President or the Speaker of the House, service of an individual as a member of the Commission, employment of an individual pursuant to the first sentence of paragraph (1), and service by a person pursuant to the second sentence of paragraph (1), shall not be considered as service or employment bringing such person within the provisions of sections 281, 283, or 284, of title 18 of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

"(g) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this section.

"(h) (1) On or before June 30, 1959, the Commission shall make a preliminary report of its findings to the President and to the Congress; and on or before June 30, 1960, the Commission shall make a final report of its findings and recommendations to the President and to the Congress.

"(2) Ninety days after the submission to the Congress of the final report provided for in paragraph (1) the Commission shall cease to exist.

"(i) (1) The Commission is directed to investigate and report on the international trade agreement policy of the United States and to recommend improvements in policies, measures, and practices.

"(2) Without limiting the general scope of the investigation the Commission shall consider and report on the following matters:

"(A) the number of labor hours lost by expanded imports through concessions granted in trade agreements, as balanced against the increased labor hours resulting from expansion of exports through concessions received from foreign countries;

"(B) the effect of tariff reductions under past trade agreements on small and local industries;

"(C) what industries may become vulnerable and what industries would not be vulnerable to decrease of employment and production if present trends of foreign competition continue;

"(D) the possible effect of the exportability of American capital (whether direct or by private or governmental loans), equipment, and technical experience into other countries;

"(E) the extent to which the products of such exported facilities have entered the American market or otherwise affected American production and employment;

"(F) the extent to which the United States has used up its bargaining margin, including the extent to which tariff rates have been reduced and potential future reduction;

"(G) the possibility of a reduced rate of exports due to more rapid inflation of the cost of labor, materials, and other elements of production in the United States than in foreign countries; and

"(H) the desirability in special cases of employing quotas rather than tariff adjustments.

"(J) (1) The Commission or, on the authorization of the Commission, any subcommittee or member thereof, shall have power to hold hearings and to sit and act at such times and places, within the United States or elsewhere, to take such testimony, and to make such lawful expenditures, as the Commission or such subcommittee or member may deem advisable.

"(2) The Commission is authorized to request from any department, agency, or independent instrumentality of the Government any information it deems necessary to carry out its functions under this section; and each such department, agency, and instrumentality is authorized to furnish such information to the Commission, upon request made by the Chairman or by the Vice Chairman when acting as Chairman."

Mr. BYRD. Mr. President, I desire to make a very brief explanation of the pending bill. I hope Members of the Senate will have an opportunity to read the report of the Senate Finance Committee, which very fully covers all the details of the bill.

The bill, H. R. 12591, known as the Trade Agreements Extension Act of 1958, is one of great importance, and has taken on added significance even during the past 10 days or so, because of world events we did not foresee.

It is my strong personal feeling that we should proceed with dispatch and vote to continue the authority of the President to enter into international negotiations in order to make further progress in promoting reciprocal trade.

The committee reported a bill which, although it modifies the House bill in some respects, nevertheless gives to the President greater authority to reduce tariffs than was granted to him under the extension act of 1955.

Under this bill he will be able to enter into new trade agreements and reduce duties 15 percent below their present level; reduce duties by 2 percentage points; or reduce any duty that is now above 50 percent down to that level.

These are alternatives which are available to him under the bill as reported.

The President asked for greater authority, namely to reduce duties by 25 percent over a period extending as long as 10 years, although the negotiations for such reductions would have to be concluded within 5 years. Testimony before the committee indicated that no new trade agreements were anticipated for 2 to 3 years, pending final arrangements for a European Economic Community, which will need a long period in which to work out its new tariff rates. When those rates are known, our State Department wants to be in a position to negotiate for their reduction.

After very careful study of the many problems involved the committee voted to limit the length of the extension to the maximum which has been used in the past, namely 3 years. This carries with it the tariff-cutting authority which I have already mentioned. The vote on that question was 10 to 5. The senior Senator from Virginia voted with the minority.

The committee made other changes in the House bill. The bill as reported provides that the President, if he chooses to overrule the findings of the Tariff Commission in an escape clause action, may enlist the support of a simple majority of the Congress, and thereby put into effect his own suggestions in that particular case. The House bill would have allowed the President to overrule the Commission unless the industry affected could, within 60 days, persuade two-thirds of each House of Congress to overrule the President. Under the reported bill, the President would have 90 days in which to persuade a majority of each House to go along with him.

The committee also added the proviso that, in cases where the vote in the Tariff Commission was divided as to injury, the group finding in the affirmative would be considered as the group expressing the finding of the Commission. In cases where the Commission was divided as to the remedy for an injury, the finding granting the greatest amount of relief, as measured by the President, would be considered as the finding of the Commission. This amendment was adopted by a vote of 8 to 7. The senior Senator from Virginia voted with the minority.

The committee also amended the House bill by provisions aimed at strengthening the national-security section. More and more the national security becomes important, and more and more the strength of our internal economy becomes an essential part of our security.

I sponsored an amendment providing that the President, in administering the national-security provision, must take into consideration the effect on the national security of a weakening of the general internal economy by excessive imports of competitive products to the extent that unemployment, loss of revenue to Government, or loss of investment would result. The committee adopted that amendment by a 10-to-1 vote.

Considerable unfavorable comment has reached the committee about the administration of what was thought to be a strongly worded national-security amendment in the 1955 extension. That section has been further strengthened so that sound results may be expected from it. The committee amendment provides that after the Director of the Office of Defense Mobilization has studied the matter and indicated to the President that in his opinion the national security is being or is likely to be impaired the President must take corrective action covering materials and their derivatives, unless he finds that the security is not being so threatened.

The committee voted to establish a commission to study these and the many other trade problems which face the country today. The Commission would be composed of 9 members, 3 appointed by the President, 3 by the Vice President, and 3 by the Speaker of the House. An interim report is to be filed in 1 year and a final report and recommendations are to be filed by June 30, 1960, in ample time for the Congress to digest it before the time for the next extension arrives.

Mr. BUTLER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUTLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERTSON. Mr. President, as a member of the House Ways and Means Committee it was my privilege to participate in the initial effort to substitute for the trade-throttling Hawley-Smoot Tariff Act the program of mutually beneficial reciprocal foreign trade which is associated with the name of Cordell Hull.

My interest in that program has continued ever since although, since I became a Member of the Senate, I have not served on the committee that handles taxes and tariffs and have been pleased to leave the study of details to my distinguished colleague, the senior Senator from Virginia [Mr. BYRD], who now heads that committee.

The advantages of a plan which allows the United States to negotiate with other nations treaties under which barriers to our exports are removed in return for concessions we make on imports, seem so obvious that I can see no reason why it should not be considered a permanent part of our foreign policy. Limits within which action can be taken are, of course, subject to change to conform to changed conditions, and details of the program can and should be reviewed by succeeding Congresses. But, it has seemed unfortunate to me that the basic act on which this program rests always has been treated as temporary legislation which must be renewed periodically in order to prevent lapsing.

The resulting fight every 2 or 3 years on the question of renewal always puts believers in reciprocal trade on the defensive, because if no action is taken, their cause is lost. The advantage is on

the side of those who need only block passage of a bill to start a retreat to the prohibitive rates of the Hawley-Smoot tariff law, which is still on our statute books, and which in the first year after its enactment touched off retaliatory measures by 19 nations.

Those who would kill the program if they could, but who realize that they are a minority, also have the opportunity to attract allies by supporting individual amendments which would be helpful to small but sensitive segments of our economy. They know full well that if enough exceptions and restrictions can be included, the program will be nullified.

After an experience of more than 20 years in these recurring legislative battles I frankly feel that the assaults made this year on the fundamental principles involved in the Hull reciprocal trade program are the most serious I can recall. To save the program now will require the best efforts of all who believe that trade wars lead to shooting wars, and who also believe in putting the general welfare—namely that of a majority of businessmen and of all consumers—above that of minority pressure groups.

I am encouraged, however, by the fact that the Virginia delegation in the House was united in its stand for continuation of the program in a workable and effective form and that the leadership of my senior colleague [Mr. BYRD], as chairman of the Senate Finance Committee, has been so capably directed toward that same goal.

My purpose today is to support their efforts and justify their position and mine by outlining, briefly, the importance of foreign trade to our economy generally, its specific value to my own State, and the relation of trade agreements to our national security.

ECONOMIC CONSIDERATIONS

The kind of tariff protection advocated by Alexander Hamilton in the early days of our Nation, and traditionally supported by the Republican Party, had an appeal to an undeveloped, largely agricultural country, which needed encouragement of manufacturers to promote a more diversified economy. It is difficult to see, however, the applicability of the same arguments to the most nearly economically self-sufficient nation in the world today.

Cutting off foreign supplies today would significantly lower our standard of living and reduce our potentiality for continued economic growth because of our dependence, either partly or wholly, on imports of many critical raw materials and certain foodstuffs, such as tin, natural rubber, industrial diamonds, nickel, cobalt, asbestos, chromite, manganese, coffee, tea, sugar, spices, and many other products. In addition to these there are some manufactured products involving a high percentage of hand labor which can be produced in the United States only at costs too high to be economic.

On the other side of the picture are certain industrial exports ranging from 10 to 50 percent of production and the export of a wide variety of farm products including 25 percent of our cotton, 32

percent of our wheat, and 28 percent of our tobacco.

The United States Department of Commerce estimates that directly or indirectly the jobs of some 4,500,000 American workers, or about 7 percent of our total labor force, are dependent on foreign trade. In contrast, the Department of Commerce has estimated that only from 200,000 to 400,000 workers are employed in industries which are dependent in any substantial degree on tariff protection.

In other words, if we adopted a policy of free trade, not more than 400,000 persons would have to be taken care of through some equitable arrangement for compensation or relocation. But, of course, no one is talking today about free trade. The attitude of this Congress has been demonstrated by its action on an antidumping bill and by the safeguards placed in the Reciprocal Trade Act itself to insure continuation of reasonable protection in areas where substantial damage to domestic industries can be proved.

My attitude—and I believe that of most advocates of the reciprocal trade program—is not that we should abolish tariffs, but that we should use them as instruments for preventing unfair competition between nations and that at the same time we should stimulate free enterprise trading on the widest possible scale.

When another government does not have free enterprise or interferes with it and creates conditions which make fair competition impossible, we can and should defend ourselves by restrictive tariffs, and even by quotas and embargoes where fire must be fought with fire. On the other hand, if we extend tariff and quota protection merely to ease competition, and perhaps at the expense of efficiency, we tend to weaken private enterprise, both by diminishing self-reliance and by setting a pattern for government regimentation of industry.

HOW FOREIGN TRADE AFFECTS VIRGINIA

In the foregoing remarks, I have discussed our trade policy in terms of its relationship to the Nation as a whole. I wish in this part of my address to discuss more specifically its relationship to my own State of Virginia. In doing this, I recognize that in a very real sense the interests of a particular State cannot be sharply separated from those of the entire Nation. Nevertheless, the State of Virginia has a very concrete interest in the extension of the Trade Agreements Act. This interest is shown specifically and in detail in a survey recently made by the Department of Commerce, entitled "Foreign Trade Impact Study—State of Virginia." In considerable part, what I shall here set forth is based upon information contained in that survey.

Virginia is both an agricultural, and an industrial and mining State. Some 240,000 persons in Virginia live on farms, according to the Department of Agriculture. By coincidence approximately the same number were, as of the 1954 census, employed in manufacturing

industry. Some 21,000 persons are employed in mining.

First, let us see how the interests of Virginia farmers are affected by foreign trade. It is estimated that in the fiscal year ending June 30, 1957, Virginia shared, directly or indirectly, to the extent of nearly \$41 million in United States total exports of \$2.8 billion worth of farm products. Outstanding in this total was Virginia's export of tobacco, amounting to \$25 million. Dairy farmers profited, directly or indirectly, from the total United States exports of \$231 million worth of dairy products of which Virginia's share was \$3.7 million; poultrymen from our total exports of \$46 million worth of poultry and poultry products of which Virginia's share was \$1.4 million; applegrowers, from total exports of \$230 million worth of fruits, of which Virginia's share—chiefly apples and apple products—was \$4.8 million; and livestock raisers from the \$423 million worth of exports of livestock and livestock products—excluding dairy and poultry—of which Virginia's share was \$4.4 million.

I digress to say that I have this week received information from Mr. Cameron, of the Trade Agreements Section, Department of State, to the effect that the Government of the United Kingdom has announced that for the 1958-59 season, it will establish a northern hemisphere quota for fresh apples, including apples from the dollar area. The quota will be 75,000 long tons, of which 15,000 will be admitted from July through December 1958, and the remaining 60,000 in January through June 1959. This new arrangement according to Mr. Cameron, is a further step toward the liberalization of imports from the dollar area in addition to that made by the establishment of the dollar fruit quota. United States apple producers will now have the opportunity of competing for trade worth 2½ times as much as would have been the case if apples had been included in the \$20 million quota for fruit. The \$20 million quota was established by the British about a month ago.

Anyone who knows anything about the export of apples, knows that in the days of Queen Victoria, before the advent of refrigerator ships, a great many apples were shipped abroad. I have been told that the Queen's favorite was the Albemarle pippin. The British also took the old-time winesap. That was because the pippin and the winesap were the two best keepers.

Therefore I am encouraged by the increase in the quota for apples. Virginia will share very liberally in the export, because for a hundred years the English people have known about Virginia apples, which have been a favorite on the British market.

As stated earlier, United States exports of agricultural products represent the output of some 60 million acres of cropland. In a sense, all these exports benefit Virginia agriculture, since in their absence more of our cropland would be shifted to production of other crops, including kinds grown in Virginia, thus intensifying domestic competition

in these branches of agriculture. The only major branch of agriculture in Virginia that is importantly concerned with import competition is the peanut industry and under section 22 of the Agricultural Adjustment Act its interests in this regard are safeguarded.

I must stress particularly the importance of the trade agreements program to Virginia's tobacco industry. The dependence of this country's tobacco-growing and manufacturing industry upon export outlets is historic and generally familiar. As stated earlier, about 28 percent of our national production of leaf tobacco is exported. Of Virginia's production the ratio is even higher, namely about a third. In addition, some 3 or 4 percent of this country's enormous production of cigarettes is exported. Moreover, this export trade has greatly increased during the past 2 decades. Thus our leaf tobacco exports increased from about 477 million pounds in 1933 to about 560 million pounds in 1957. Cigarette exports increased from about 3 billion annually during the earlier period to 17 billion cigarettes last year. There has been complaint in some quarters concerning increased imports of certain types of leaf tobacco. In the main, however, these imports have been essential for blending with domestic tobacco for quality purposes, especially in cigarette manufacture. These imports have not prevented a virtual doubling of the volume of our tobacco output as compared to a generation ago.

Exports obviously have been an important factor in the growth of this industry. The trade agreements program is important to the maintenance of foreign outlets. It is true that, despite this program, some foreign countries have imposed, and some still maintain, quantitative restrictions on imports of tobacco and tobacco manufactures, thus handicapping our export trade. This circumstance has, I regret to say, been seized upon by some critics of the trade agreements program as a reason for not giving further support to it. There is, of course, no logic in this and no justification for it. Most of these foreign restrictions have been the result of a severe shortage of dollars in the countries imposing them, and to conserve dollars these countries have imposed restrictive quotas on imports of such things as tobacco. These countries are, however, obligated under the GATT to remove such restrictions at the earliest practicable date; and nothing could be more foolhardy than to lose the benefit of this assurance, while at the same time further reducing the capacity of such countries to earn dollars from sales of goods to the United States, by repudiating our liberal trade policy and turning the clock back to the discredited protectionism of a generation ago.

Virginia's manufacturing industries also have a large stake in United States export trade. As late as 1954, there were, as already stated, nearly 240,000 workers in manufacturing industry in the State. About 80 percent of these workers were employed in the manufacture of chemicals, transportation equipment, textiles, food and kindred products, tobacco, lum-

ber and wood products, apparel and related products, and furniture and fixtures. Virginia's share in total United States exports of the products of these particular industries is estimated to have amounted in 1956 to nearly \$132 million. Let us now see how each of these major branches of industry shared in this vast trade.

In 1956, Virginia's share of our enormous chemical export trade—nearly \$1.4 billion—was valued at nearly \$43 million. Of our exports of transportation equipment—\$2.8 billion—Virginia's share in the same year is estimated at \$29 million. Of our large exports of textile-mill products—over \$452 million—Virginia's share was almost \$19 million. Of total exports of food and kindred products—\$1.1 billion—Virginia's share was nearly \$16 million. Of tobacco manufactures—total exports nearly \$66 million—Virginia's share was \$17.5 million. Of lumber and wood products—nearly \$141 million—over \$5 million. Of apparel and related products—nearly \$116 million—\$1.8 million. Of furniture and fixtures—nearly \$48 million—\$1.3 million. This listing does not include various other kinds of manufacturing in which the State also profits from export trade, notably in the case of certain kinds of machinery such as air-conditioners, agricultural machinery, grading machinery, calculating and computing machines, a variety of electrical apparatus, and fabricated metal products.

Virginia likewise has a very important interest in the coal export trade. So much is heard nowadays about the alleged competition of imports of fuel oil with the domestic coal industry that the importance of coal exports tends to be overlooked. In 1957, the United States exported nearly \$829 million worth of bituminous coal, amounting to almost 20 percent of our total production. A vast amount of this coal originates in West Virginia and Virginia and moves out of Hampton Roads. In 1957, shipments of coal out of Hampton Roads amounted to over 60 million tons, of which over 51 million tons were exported. This vast foreign trade in coal is the source not only of major activity in the Norfolk and Hampton Roads area, but, in addition, is a very large source of income to the railroads carrying it through the State of Virginia to the seaboard.

It is worth pointing out in this connection that both the Norfolk Port Authority and the Hampton Roads Foreign Commerce Club have adopted resolutions strongly supporting extension of the Trade Agreements Act without crippling amendments. Its extension is, without doubt, of great importance to this great seaport area.

I have cited the foregoing facts in order to indicate in concrete terms why Virginia has a vital interest in the extension of the Trade Agreements Act. In so doing I am not overlooking the fact, however, that among and within some of these industries there has been opposition to the trade agreements program. I wish now briefly to allude to this opposition.

For example, there has been a great deal of opposition to the program in the

southern cotton textile industry. It is a well-known fact that some branches of the domestic textile industry have felt the impact of increased competition from imports, particularly from Japan. I do not seek to minimize this in the least. I think, however, that this matter should be viewed in proper perspective, and I do not believe, when this is done, that it offers any justification for amendments to this legislation that would virtually destroy its effectiveness. I call attention, in particular, to the following facts:

First, Imports of cotton cloth from all sources amounted in 1957 to only approximately 1.1 percent of domestic production.

The fine city of Danville, Va., has the largest cotton textile plant in the world. The daily output of the Dan River Mills is so vast that if 1 day's production was devoted to cotton cloth 1 yard wide, the string of cotton cloth would reach from Danville, Va., to New York, could be wrapped around the Empire State Building, and come back to Philadelphia. That is a lot of cotton cloth. It means employment for many of my friends.

I am not unmindful of the protests which have been filed by the president of Dan River Mills and by other textile companies of the South which want additional restrictions upon imports beyond those imposed in the House bill.

But I already have pointed out that one-third of Virginia's tobacco must go into foreign markets. Even so, the acreage allotments of the tobacco grower have been so drastically reduced that it is now becoming very difficult for the average Virginia producer of tobacco to make both ends meet on tobacco alone. For instance, the largest acreage is in flue cured tobacco; and the allotment averages only 2.9 acres per farm.

In the West and Southwest, where burley tobacco is produced, allotments have been cut to 65 percent of 1 acre. Everyone knows that the volume itself, no matter what the price is, is too small to provide an adequate standard of living. Everyone who has tried to work less than 3 acres of tobacco knows that he cannot buy the machinery which is needed in order to pay his operating costs.

As I have said, the second largest industry in Danville, Va., is the tobacco industry. Three of the largest tobacco warehouses in Virginia are located there. They handle more leaf tobacco than is handled at any other point in the United States, except at one place in North Carolina. Tobacco is the major crop of Pittsylvania County, which contains the largest population of any county in Virginia. It is the second largest county in the State, and embraces more than 1,000 square miles. The tobacco produced there, which is primarily flue-cured tobacco, depends on the export trade to the extent of at least one-third; otherwise it would break the domestic market. Under the law, if exports were reduced it would be necessary for the farmers to have smaller and smaller allotments, until they would be squeezed into an almost underprivileged status.

So, when we compare the stake of the tobacco interests in Danville and in Pitt-

sylvania County—throughout all of Virginia, for that matter—with the very fine and efficient textile mills located there, we must consider the facts with respect to textiles.

First, the imports of cotton cloth from all sources amounted, in 1957, to only 1.1 percent of domestic production.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. CARLSON. I dislike to interrupt the Senator's statement with respect to tobacco. Kansas does not produce tobacco, which is one of the important agricultural products, but Kansas is greatly concerned about agricultural exports.

Kansas is the largest winter wheat-producing State in the Nation. I know how vital the foreign trade program is to agriculture. My information is that the United States, in 1957, exported 550 million bushels of wheat, and also farm equipment, valued at \$958 million. That was equal to 55 percent of the total acreage production of wheat in the United States. As I understand, that means that the wheat produced on practically 1 out of every 2 acres in the United States is exported.

Mr. ROBERTSON. The Senator is correct. The average production of wheat in Virginia now is down to 10 acres per farm. If we had not been able to export such a significant percentage, the acreage allotment would have reached the point where a farmer could not afford to raise wheat in Virginia, and it would have been necessary for Virginia farmers to buy wheat raised in the fine State of Kansas, or elsewhere.

That is why I say that even though Virginia does not now raise as much wheat as we consume, the export of wheat is very vital to us, because it takes off the market the surplus which otherwise would be very depressing to the price which the small Virginia grower would get for his wheat.

Mr. CARLSON. I regret that I did not hear the beginning of the Senator's speech, but it was necessary for me to be out of the Chamber when he started. However, I commend him for the speech he is making in behalf of the international trade program, a program which I think is important to the future growth and development of the Nation.

We have had some experience in foreign trade. In the past 40 years there have been many changes. We have changed from a debtor to a creditor Nation. I think it is important that we keep that fact in mind when we deal with questions involving international trade.

With respect to the wheat situation, Kansas would like very much to be able to furnish Virginia some wheat. This year Kansas will produce 274 million bushels. This will be the third largest crop in the history of the State.

While last year we exported 550 million bushels, based on information which I have received, I think in view of the increased production in foreign countries and the exports of wheat from Canada, we will be fortunate in the next fiscal year to export 375 million bushels. So we will be looking for markets for

wheat, not only outside the United States, but within the United States.

Mr. ROBERTSON. I can assure the distinguished Senator from Kansas that Virginia will buy some of his wheat. I understand that Kansas wheat is sold to Pillsbury. The old mountaineers tell me that, for breakfast, Virginians like hot biscuits made of local flour, flour which does not have all the real nourishment taken out of it. But now they do not want anything but Pillsbury's Best Flour, because it is made from wheat which rises so nicely.

Mr. THYE. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. THYE. I heard the distinguished Senator mention the name Pillsbury, and the trade name Pillsbury's Best.

I concur in the statement that Pillsbury's Best is the finest flour which has ever been milled anywhere in the world. It will always be the best. But I add, that much of that flour is made from wheat grown in the Northwest. As great a wheat-producing State as Kansas is, nevertheless, we do bring wheat from the Northwest, and Minnesota contributes some of the wheat which is milled into Pillsbury's Best.

I simply wanted the RECORD to be crystal clear that Pillsbury's Best is the best. [Laughter.]

Second, I want it distinctly understood that important as is the wheat of Kansas, wheat is brought from the Northwest.

Mr. ROBERTSON. I will admit that Pillsbury's Best is the best for some purposes, but from my personal standpoint, when I get up at 4 o'clock in the morning to go hunting or fishing, I would rather have hot biscuits made from a little heavier flour, the kind we produce in Virginia. In Virginia, there are more flour mills than are to be found in any other State of the Union except Pennsylvania. That is because the early settlers ground their own cornmeal and their own flour; and on every little mountain stream with enough water to turn a mill wheel there was a mill; and a farmer could throw a bag of corn or a bag of wheat on the back of his horse and could take it to the mill and have it ground there.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 1864) to authorize an increase in the membership of the Board of Appeals of the Patent Office; to provide increased salaries for certain officers and employees of the Patent Office; and for other purposes.

Mr. BYRD. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 1875, H. R. 12591.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act

of 1930, as amended, and for other purposes.

Mr. THYE. Mr. President, will the Senator from Virginia yield again to me?

Mr. ROBERTSON. I yield.

Mr. THYE. The State of Virginia may have more mills; but Minnesota has larger mills which grind more barrels of flour.

If the Senator from Virginia really wants something that will "stay with him" while he is fishing, I suggest that he eat not only wheat cakes made from Pillsbury's Best, but add some good Northwest bacon and eggs. Then he will really have something that will "stay with him" all day. [Laughter.]

Mr. ROBERTSON. Now the Senator from Minnesota is taking up another subject, which also interests me; and I could speak on it at length, were it not for the fact that at this time I must devote my remarks to the reciprocal trade program extension bill.

However, apropos of Pillsbury's Best, I wish to say that everyone knows that so much of the real wheat germ was taken out of the flour in preparing Pillsbury's Best, that the company had to advertise "enriched flour," and enriched it by adding some vitamins to replace some of the wheat germ which had been removed. That is why the mountaineers used to say, "If you have a hard day's work to do, eat hot biscuits made from good old country-ground flour."

Mr. FLANDERS. Mr. President, will the Senator from Virginia yield to me?

Mr. ROBERTSON. I yield to the Senator from Vermont, who undoubtedly wants to talk about maple syrup on hot-cakes. [Laughter.]

Mr. FLANDERS. Mr. President, maple syrup served on flapjacks or on almost any other item of food is well worth while.

On the other hand, I wish to refer for a moment to corn. I regret that I do not see in the Chamber at this time any Senator from a corn-producing State.

Mr. THYE. Mr. President, Minnesota produces an enormous quantity of corn.

Mr. FLANDERS. Undoubtedly Minnesota raises everything. So the Senator from Minnesota will be interested in what I am about to say: A lobsterman on the Maine coast had been the object of a sales campaign by the groceryman at the wharf. The sales campaign had gone on for many weeks; the groceryman had been trying to sell the lobsterman a package of corn flakes. Finally, the sales resistance of the lobsterman broke down, and the groceryman sold him a package of corn flakes. The next morning the groceryman said, "George, how did you like your corn flakes?"

George replied, "Well, now, they're nothin'. You eat 'em, and they're gone. Now, you take one of Mary's pies—I can row around my lobster pots all morning, and feel it lyin' there, and nourishin' me, and nourishin' me, and nourishin' me."

So, Mr. President, obviously, some nourishment is to be obtained from sources other than "Pillsbury's Best."

Mr. ROBERTSON. That is true. I recall that on one occasion one of my distinguished colleagues sang a song that had been written in Vermont in the

early days, "You don't get bread with one meatball."

Mr. FLANDERS. In the original version, it was "one fishball." However, in view of the fact that there is no way to place musical notations in the CONGRESSIONAL RECORD, I shall not attempt to sing that song.

Mr. ROBERTSON. It would be well worth while if we had a recording machine. [Laughter.]

Mr. COOPER. Mr. President, will the Senator from Virginia yield to me?

Mr. ROBERTSON. I yield to the Senator from Kentucky.

Mr. COOPER. I should like to join in what has been said by my distinguished colleague who comes from Virginia, my neighbor State; and I particularly stress the point that he is my mountaineer neighbor. I think most of the Members from other States do not understand what he has been talking about in his references to various kinds of wheat and to the way wheat is ground into flour. I know, as the Senator from Virginia knows, that in the hills the farmers would take their little turn of corn or wheat to the water mill and would have it ground. Cornmeal or wheat flour ground at such a mill has a taste that no other cornmeal or flour has; and such flour does make the fine biscuits the Senator from Virginia likes so well.

I know he will agree with me that sometimes good ham gravy "goes well" on those biscuits.

Mr. ROBERTSON. I fully agree; and I know how true that is, because before the Revolutionary War, Kentucky was part of Augusta County, Va.—adjoining my home in Lexington; and in those early days, all the people of that section grew up with similar tastes.

Mr. President, I return to my discussion of the cotton textile situation.

As I have said, in 1957, the imports of cotton cloth from all sources amounted to only approximately 1.1 percent of domestic production.

Second. The total value of our exports of cotton cloth in 1957 was more than double the value of our imports.

Third. There is now in effect a program of voluntary restriction of exports of cotton textiles from Japan to the United States which effectively limits the volume competition from that source, not only overall, but also specifically with respect to each particular category of goods where the competition has been felt. That includes velveteens, ginghams, and so forth.

Fourth. Finally, it is worth noting that studies which have been made of the difficulties of the cotton-textile industry clearly disclose that its troubles arise in the main from causes other than import competition.

Another industry from which there has been considerable complaint, on a nationwide basis, is the hardwood plywood industry. There are a number of hardwood plywood plants in my own State of Virginia. There is no doubt that the domestic industry has felt the impact of increased competition from Japan in recent years, for there has, indeed, been a large increase in imports. The Tariff Commission found, in 1955, in an escape-

clause investigation, that imports were not a cause of serious injury to the industry; but, since then, imports have measurably increased. I do not seek here to pass upon the merits of this issue. I merely point out that if the domestic industry is convinced that it is being seriously injured by imports, there is no apparent reason why it should not again apply to the Commission for relief. It will be necessary, however, in any such case, for the industry to distinguish clearly between difficulties attributable to imports and those caused by the rapidly growing competition from our domestic producers of competitive hardboard and scrapboard which coincided with a period of reduced home construction and a decline in furniture manufacturing.

Mr. President, another industry represented in Virginia which has strongly opposed the trade-agreements program is the chemical industry. More strictly speaking, the center of this opposition emanates from that part of the United States chemical industry producing synthetic organic chemicals. This opposition is of long standing and remains strong, in spite of the fact that the chemical industry, as a whole, is one of our giant industries, with a total business of about \$24 billion a year; and in spite of the fact that our chemical exports amount to about \$1.4 billion a year, as compared with chemical imports of around \$277 million. In fact, the chemical industry is one of our most profitable industries. It has been estimated that, in 1957, the ratio of profits to sales in this industry, after taxes, was 7.6 percent—the next highest, after petroleum refining, among all of our great industries.

In Virginia there are a large number of chemical establishments engaged variously in making organic and inorganic chemicals, drugs and medicines, paints, fertilizers, and vegetable and animal oils. Though it may be that some of these firms are adversely affected by foreign competition, it would appear from the nature of their respective operations that the majority of them are either little affected by such competition or have a direct interest in the export trade.

Then there is the situation regarding coal. As already mentioned, there has been an organized effort to pit this industry against the trade-agreements program on the ground that it is being seriously injured by imports of residual fuel oil. The fact is, however, that this competition is one of the least important of the troubles of the coal-mining industry. The loss of the railroad market, by reason of dieselization alone, accounts, it is estimated, for over 100 million tons of coal a year. There is a further loss of around 50 million tons per year in the house-heating market. There is also increasing substitution of natural gas for coal in various sectors of American industry. It is doubtful whether imports of residual fuel oil displace more than 5 million tons of coal per year. These imports of residual fuel oil, valued at \$465 million in 1957, were only a little more than half of the value of our coal

exports, namely, \$829 million, in the same year.

Finally, I want to make a brief reference to difficulties now being experienced by the wool-carpet industry, because of increased imports of wool carpets and rugs. One of the largest producers in the United States has a plant at Glasgow, Va., in my home county. It is one of the most modern and efficient plants in the United States. It produced Wilton, Velvet, and Axminster carpets and rugs. This industry has applied for relief under the escape clause of the Trade Agreements Act, and an investigation is now in progress in the Tariff Commission.

Since 1951, imports of Wiltons and Velvets have nearly tripled. In 1957, they amounted to 4.7 million square yards, as contrasted to the domestic production of the same types of somewhat over 39 million square yards—equivalent to about 12 percent of domestic output.

I call attention to the serious opposition of cotton-textile producers. Imports of cotton cloth amount to only 1.1 percent, but imports of certain types of wool carpets which compete with those made in my home county represent more than 12 percent of the trade.

The Virginia firm makes Axminster and tufted rugs, as well as the Wilton and Velvet types, and if comparison is made on the basis of total imports and domestic production of all machine-made pile-surfaced floor coverings, the ratio of imports to production is only about 3 percent.

I do not here undertake to pass upon the merits of the pending case, but the increase in the ratio of imports of Wilton and Velvet rugs from 5 percent in 1951 to nearly 12 percent in 1957 does give me concern, and certainly merits careful investigation to determine if there is injurious competition which merits relief.

Indeed, in my discussion, I do not wish to seem critical of any industry that feels it has a just cause for complaint and which seeks relief under the appropriate procedures established for that purpose. I think it is clear, however, that the economic interests of my State will be best served by continuance of our present liberal trade policy. I think also that concessions made in past years and made by the House of Representatives this year in amending the Reciprocal Trade Act go about as far as we can go in giving protection without wrecking the program.

I am interested, as I have indicated, in the influence which foreign trade has on the economy of our Nation, and particularly on the economy of Virginia. But I also am concerned, as every American must be, about the relationship between international trade policies and our national security.

The nature of the threat to our security which would be involved in a backward step from our past program of trade agreements has been so fully and convincingly set forth by the Secretary of State, the Secretary of Commerce, and other responsible officers of our Government, in their testimony before the Ways and Means Committee and the Com-

mittee on Finance, that it is unnecessary for me to dwell on it at great length.

We must constantly keep in mind that the Soviet bloc has openly declared trade war upon the United States as one of the chief means by which it hopes to win the cold war and win world domination.

We were explicitly warned of this by Khrushchev himself when he said, a short time ago:

We declare war upon you * * * in the peaceful field of trade. We declare a war we will win over the United States. The threat to the United States is not in the ICBM, but in the field of peaceful production. We are relentless in this and it will prove the superiority of our system.

On an earlier occasion, Khrushchev told a group of visiting United States Congressmen:

We value trade least for economic reasons and most for political purposes.

There is not the slightest doubt that this Soviet trade offensive is one of the most potent weapons in the Soviet arsenal by which she hopes to achieve world domination. We can ignore it only at our peril. The central idea, as the Secretary of State has recently pointed out, is to subvert country after country through trade penetration and in other ways, isolate them from the United States, and eventually bring about our own economic strangulation.

Nor are the Soviets indulging in merely idle boasts. On the contrary, they are making alarming progress. Soviet industrial capacity is now growing at the rate of about 10 percent a year, as against a rate of 4 percent for the United States. Offers of trade and economic aid to the uncommitted countries are being followed up with economic assistance and trade pacts on a rising scale. Since 1954, exports of the Communist countries to the free nations have increased by about 70 percent. The number of their trade agreements with the free nations has more than doubled during the past 3 years. Trade with the less developed countries between 1954 and 1957 approximately doubled.

The capacity of the Soviets to supply the West and the uncommitted countries with capital equipment and manufactured goods is rapidly increasing. The Soviet bloc already has made great strides in this trade offensive. Through it they are bidding for ultimate political domination, precisely as Khrushchev has warned. To gain their ends they will stop at nothing. They count on the prospect that many countries in the Western World, dependent upon expanding foreign markets for their goods, will find it increasingly necessary to trade with them to dispose of their surpluses and gradually will be drawn into their orbit.

In this situation, the enactment of trade agreement legislation that will give us the maximum opportunity to meet and frustrate this challenge becomes essential for our security. Our allies cannot be militarily strong unless they also are economically strong. Most of them are highly dependent upon foreign trade. If they cannot trade with us they will have to trade increasingly with the Soviet bloc. That

is true also of the undeveloped and the uncommitted countries. Through trade and aid pacts, the Soviets hope to achieve political domination of these areas.

In these circumstances, we should give our Chief Executive adequate authority in the realm of foreign trade policy to meet this crisis. This is no time for half measures. If we do not extend this legislation, or extend it only in a half-hearted manner and with seriously crippling amendments, we will be forced to increase our expenditures for defense and mutual aid to offset the economic advantages of the Soviets in the cold war.

It is with pride and pleasure that I look back upon my association with Cordell Hull. On any list of great Secretaries of State he always will rank high. Our Nation faces a more serious type of war than it did in 1934, when Secretary Hull proposed a program of mutually beneficial foreign trade as an essential ingredient of peace. In turning down crippling amendments to the pending bill, the House recognized that fact. I hope the Senate will do likewise.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. DOUGLAS. I wish to congratulate the Senator from Virginia for his very able and very courageous speech. I know there are a number of very powerful industrial interests in Virginia which want protection, and that it required a great deal of courage and statesmanship on the part of the Senator from Virginia to take the position he has assumed. The aid of the Senator from Virginia will be of tremendous assistance in the fight. I congratulate him from the bottom of my heart.

Mr. ROBERTSON. Mr. President, I appreciate very much the kind and generous words of the Senator from Illinois. It is true we have in Virginia some major interests which are opposed to the program. But, as I have indicated, if the laws we now have are properly administered, I see no inherent reason why adequate relief cannot be given to those who are able to prove serious injury from foreign competition.

I thank the Senator from Illinois.

Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. JORDAN in the chair). Without objection, it is so ordered.

Mr. DOUGLAS. Mr. President, if the bill reported by the committee is enacted into law, it will mean the virtual abandonment of the reciprocal trade program which was started by Cordell Hull in 1934. Under that program, the United States and its foreign trade have prospered.

But signs of retreat from it began in 1948 when the Republican-controlled 80th Congress inserted the peril point requirement into the renewal of the act. While this was eliminated in 1949, following the shift of political power in the elections of the previous year, it was restored in 1951, and the escape clause was also written into law as the political pendulum swung partially in the direction of the Republicans. In 1955, the Reciprocal Trade Act passed the House by a very narrow margin and the Secretary of the Treasury Humphrey before a vote agreed to a weakening of the bill in the Senate by the insertion of a national security clause and by a broadening of the escape clause.

Now it is again up for renewal.

During the past 5½ years, the Eisenhower administration—despite its professed belief in expanded international trade—has steadily packed the Tariff Commission with protectionists until it has become a citadel of that faith. This has naturally made the Commission popular with the advocates of protection. They, therefore, would greatly like to increase the powers of that body and to decrease those of the President.

During this same period, moreover, the economic drive for protective tariffs and quotas has gained ground. The spread of textile manufacturing into the South has transformed many hitherto low-tariff areas into protectionist strongholds. Similarly, the importation of low-cost Venezuelan oil has strengthened the protectionist forces within the oil and coal-producing States. The rapidly growing and powerful chemical industry has also thrown its weight on the protectionist side, while the recent fall in the prices of lead, zinc, and copper has inclined in the same direction, these industries and the States where these non-ferrous minerals are mined. The ranks of the protectionists have also been swollen by the addition of a number of miscellaneous industries. All this has increased the opposition to reciprocal trade both within the Democratic Party and the country itself.

The formation of the European Customs Union, better known as the Common Market, has, on the other hand, increased the need for further tariff bargaining by us in order to reduce the differential disadvantage which our exports to free continental Europe will suffer as the national tariffs of the member countries relative to each other are reduced and ultimately abolished, while their external tariffs relative to us are maintained at the present average.

It is to the credit of the administration that some within its ranks have realized the importance of this new factor and have sought to renew the Reciprocal Trade Act on meaningful terms. I wish to pay all honor to those men. It was obvious that it would be hard to continue the program in any real sense unless its sponsors showed real determination and a fighting spirit.

Unfortunately, however the administration began to retreat before a shot was fired, and partially surrendered before the battle was opened. Hitherto, the power of the President to increase

duties under the escape clause and upon recommendation of the Tariff Commission had been limited to 50 percent above the 1945 level. Since these tariffs amounted on the average to about 13 percent, there was a possibility of tariffs being raised to an average of around 20 percent.

But this year the administration voluntarily proposed that the new maximum should be 50 percent above the tariff schedules in effect on June 30, 1934. The significance of that date lies in the fact that the Hull program of reciprocal trade had not then gone into effect, and that we were instead operating under the Smoot-Hawley-Grundy Act of 1930. This was the highest tariff in American history, with average rates of 52 percent.

To give administrative officers the power to raise duties 50 percent above these high levels has created the possibility that the act could be turned into an instrument for restrictive rather than expanded trade.

But if the administration thought it would assuage the protectionists within and without its own ranks, it was sadly mistaken. So a further concession was made by the House Ways and Means Committee. This provided that goods which were "bound" on the free list could be taken from it and then loaded down with duties of up to 50 percent. Then, to neutralize the opposition of the mining States, a 5-year subsidy amounting to over \$400 million—\$155 million the first year—on copper, lead, zinc, fluorspar and tungsten was proposed and put through the Senate.

Thus, the new negotiation authority was granted only after additional protective measures were added to the bill. But the Senate Finance Committee bill would all but end the authority to negotiate and also extend the protective feature to ruinous proportions and virtually assure increases of tariffs to new all-time highs. This is no compromise at all between conflicting American high and low tariff interests, and if the bill is not significantly changed by action on the Senate floor or in conference committee, it should be defeated. In its present form it is worse than no bill at all.

Let us examine the bad features of the bill.

HOW THE AUTHORITY TO NEGOTIATE IS DENIED

The Senate bill extends the act for only 3 years instead of 5 years. Even more important, it reduces the authority to negotiate. The House bill provides an authority to reduce tariffs by 25 percent to be used over a period of 5 years, with no more than 10 percent of that authority to go into effect in any 1 year, and with authority to carry over the unused portion and to put it into effect by gradual stages. In the Senate version, this authority is not only reduced to 15 percent over 3 years, but it is stated that no more than 5 percent may be used in any 1 year, and it denies the ability to carry over any authority not used up in each year. Further, under the Senate amendments, not only must the authority be used in any 1 year but if all the authority is to be used, the agreements must be signed, sealed, and go into ef-

fect in the first year, otherwise the authority is pared down in each succeeding year.

This 15 percent, no carry-over authority would be almost useless, and would essentially kill the tariff-lowering features of the Reciprocal Trade Act.

In the first place, under the bill, before negotiations can begin, the President must now give a 6 months' peril point notice—rather than the existing 120 days—of the particular items which he has any intention of using in negotiations. Second, about half of present American tariff rates are at 10 percent or below. Another 20 to 30 percent of the rates are between 10 and 20 percent. The duties on 70 to 80 percent of dutiable items, therefore, are below 20 percent. Consequently, 5 percent of an existing 20 percent rate is 1 percent, and would bring a reduction from only 20 percent to 19 percent. A reduction of 5 percent on a 10 percent would be a reduction of only one half of 1 percent, although the 2 percentage point authority could apply in such a case. Therefore, the 15 percent over 3 years, and 5 percent per year authority is no authority at all, for, first, it would be almost impossible even to begin negotiations in the first year or to finish them in the third year; and, second, we would have no chips to bargain with to get European and other rates reduced on our exports when we could reduce our rates by only such minor amounts. We would thus be handicapped because of inadequate bargaining power.

Therefore, for all practical purposes, the Senate version of the bill means no significant tariff reductions, and probably no reductions at all. This, of course, delights the protectionists.

WHY THE 5-YEAR 25 PERCENT AUTHORITY IS IN THE SELF-INTEREST OF THE UNITED STATES

The major reason we need the full 5-year, 25 percent authority lies in the fact that the European Common Market—Germany, France, Italy, Holland, Belgium, and Luxembourg—and the European Free Trade Area—Britain, Scandinavia, and most all of the other free European countries—now are coming into effect.

In the next 4 or 5 years, the 6 Common Market countries will lower their tariff barriers to each other by 30 percent in 3 stages of 10 percent.

This is the first step on the road to an ultimate abolition over a 12- to 15-year period of all tariffs between these nations. This means an automatic disadvantage to the United States, for with lower rates between and among the six, it will be to the advantage of the Germans, for example, to buy from France, Italy, or Benelux, rather than from the United States. The United States will suffer an automatic comparative disadvantage within the Common Market as these reductions take place. Failure to bargain will not preserve the status quo but will automatically put our exports at a disadvantage.

Affected by these Common Market arrangements are some \$3.2 billions of American goods, each year, or almost 20 percent of all United States exports if we use the 1957 figures. Combined with the

Free Trade Area, these arrangements will affect almost 30 percent of our exports, or \$5.3 billion per year.

The six Common Market countries alone received in 1957, 36 percent of all our exports of oil and oilseeds, 22 percent of our tobacco exports, 34 percent of all our raw cotton exports, 30 percent of all our exported aircraft, 20 percent of all our manufactured and synthetic rubber exports, and huge quantities of grains, foodstuffs, textiles, wood and paper products, and iron and steel mill products, to name only a few.

Nothing could be more damaging to the American economy and American industry than for us to be gradually shut out of these markets. This will happen automatically unless the United States has adequate bargaining authority.

At the same time that the 6 countries lower their internal barriers to each other by 30 percent, they are to erect by stages a single comprehensive external tariff for the entire area against outside products including our own. This new Common External Tariff is to be at the arithmetical average level of existing rates. Thus, on balance, it will be at existing levels although levels for individual products will go up or down to meet the arithmetical average of existing tariffs on individual products of the Six Nations.

The only way American exports can compete in this market is if the United States has the authority to negotiate to get this common external tariff lowered at the same relative rate as the internal tariffs are lowered, or by 30 percent in the first 4- to 5-year period.

On January 1, 1962, the first stage of this common external tariff goes into effect. Negotiations between the six countries and the United States and other countries will begin in early 1961. Therefore, negotiations on this matter of vital importance to the United States will only take place from the middle of the third year to the middle of the fourth year of a new 5-year extension of the Reciprocal Trade Act. Under the bill as passed by the House, the entire 25 percent authority could be used in these negotiations. No part would have expired.

The 3-year, 15 percent provision of the Finance Committee, with no more than a 5 percent reduction a year, would be ruinous to the self-interest of the United States. In fact, it is difficult to comprehend how the self-interest of the United States could be harmed more than by this provision of the bill.

It is wholly inadequate because:

First. United States negotiators would have to return to Congress for new authority right in the middle of the negotiations which would start in January of 1961 or 2½ years from now. This would be a tremendous disadvantage to the United States and of great advantage to the Europeans.

Second. The United States would have left only 5 percent of even the 15 percent authority when we went to the bargaining table in the third year. Furthermore, this would have to be used up and actually go into effect half way

through the negotiations, or it would be lost forever.

Third. The United States actually needs a 30 percent authority if we are to match the internal reductions of the six Common Market countries. With only 5 percent of our authority left in the third year when the bargaining begins, United States exports would suffer an increasing disadvantage in the European market.

Of course, all of this assumes that the Europeans would, in fact, be willing to negotiate. However, if the Senate bill should become law, it is more likely that there would be no negotiations and that the Europeans would concentrate on their own internal development at the expense of trade with the United States.

What is so amazing about Finance Committee amendments is that the groups which support them are the ones who are generally most vociferous in their assertions that foreign countries always get the better of the United States in negotiations. Yet the effect of the action which they support will be, in the best event, to give the European producer a tremendous advantage over the United States producer in the new European market.

The 25 percent authority in the House bill, with its carryover provision, would put us at least close to parity with the 30 percent bargaining weapons of the Europeans; while the Senate 3-year, 15 percent and 5 percent per year, no carryover authority would send our negotiators into battle with the Europeans with almost no weapons and with both hands tied behind their backs.

At a minimum, the United States needs the full 5 years, the full 25 percent, and the carryover provisions of the House bill, so that any bargains we get or give can be put into effect by stages over time rather than all in 1 year.

Two other points should be noted here. One is that with less authority to reduce rates, in any bargaining situation the United States will have to reduce the rates on a greater number of products to compensate for the lack of authority to reduce any one rate significantly.

The second point is that, with the likelihood that under the Senate Committee version of the bill there will be numerous successful escape-clause proceedings, much or most of the very limited authority would be used in compensating other countries for concessions which we withdrew under the escape-clause proceedings. It is, therefore, very doubtful that any significant bargaining could occur under these provisions.

WHY THE SENATE ESCAPE-CLAUSE PROVISIONS WOULD RUIN THE RECIPROCAL TRADE PROGRAM

While the 3-year, 15 percent authority amendments virtually deny the ability to lower tariffs, the escape clause provisions of the Senate bill greatly expand the methods by which tariffs may be increased, and increased to levels as much as 50 percent above the highest levels in our history.

Under the bill as it now stands, a tariff commission finding of injury now becomes more likely than before. In addition, by the new escape clause amendment it is made almost impossible for an

elected President and an elected Congress to reverse such a finding and which may well be a finding of as few as 3 of the 6 appointed members of the Tariff Commission.

Under the new escape clause, a tariff commission finding becomes final unless the President disapproves and both Houses of Congress—by majority vote within 90 days—adopt resolutions supporting the President. The full weight of any inaction is thus thrown on the side of protection and in favor of the Tariff Commission as compared with the President.

Furthermore, under the new amendment, tie votes of the 6-man appointed Commission become findings of injury, and if there is a finding of injury and a divided vote on the recommended remedy, the "recommendations of that group within the Commission which recommends the greatest measure of relief" shall go into effect unless overruled by the President and both Houses of Congress. Thus, the Commission may find injury by a 3 to 3 vote, and the greatest measure of relief recommended even by less than a majority shall go into effect.

These provisions, in conjunction with existing escape clause provisions in both past and present legislation would make it almost impossible to upset a Tariff Commission finding.

Consider the following: First, the Tariff Commission must only consider by law the narrow question of injury or threat of injury. Moreover, these can be considered only for specific products and sections of industries. In addition, it may find injury even though there is only a relative rather than an absolute injury. The Commission by law can consider no other factor than injury, the threat of injury, or relative injury, and cannot consider what effects its recommendations would have on the American consumers, on other sectors of our economy, on our foreign relations, on our treaty obligations, or whether the withdrawing of concessions by other countries would seriously injure American exports, the status of delicate negotiations, or even on balance whether a finding of injury would do more harm than good.

The Tariff Commission is therefore to consider only the most narrow question of economic injury to specific producing groups. It is not to consider at all whether this action may result in significantly higher prices to housewives and consumers. It does not consider that this may result in immediate and even drastic retaliation to an American exporter. It is for all of these reasons, I submit, that the President must have adequate authority to review and reject Commission findings and recommendations based on such narrow grounds.

In addition to all this, the Tariff Commission, under the present bill, has new authority to recommend relief by increasing rates to a level 50 percent above the 1934 levels rather than the 1945 levels. As the 1945 levels of tariffs were about 13 percent on the average, and as the 1934 levels were about 50 percent on the average, this means the Commission can, as I have already

pointed out, recommend raising rates not by 50 percent above existing levels, or from about 13 percent to 20 percent, but by 50 percent above the 1934 levels. Furthermore, these levels can be recommended by less than a majority of the Commission and yet become effective.

In fact, a situation could well occur where the President, because of foreign policy reasons, would disapprove of a Commission finding and where the Senate, for equally persuasive reasons of foreign policy, would uphold the President only to find that the House of Representatives would fail to sustain the President. In such a case, the President and Senate—who have jurisdiction over matters of foreign policy—would be denied their right to exercise this jurisdiction by a House of Congress which has no such primary jurisdiction.

In practice, under the new escape clause, the findings of the Commission would almost always become final. The possibilities of delay in getting a resolution through committees in both Houses, the discharge procedures which would have to be invoked if the committees failed to act, and the delays in getting passage in both Houses in the face of vocal but minority pressures, are almost too numerous to mention. Anyone who has studied the rules of the Senate knows that discharging a committee is a most unusual practice, is seldom used, and is even less often successful.

One final point should be made concerning this escape-clause section. The bill provides that action must be taken in 90 days. If the President disapproves a Tariff Commission recommendation less than 90 days before the end of a session of Congress or while Congress is adjourned, the matter is carried over until the beginning of a new Congress and must then be acted upon in 90 days. Under this new provision of the bill, there will certainly be more escape-clause recommendations than in the past. Further, because of this carry-over provision, a large proportion of them will normally be acted on during the first 90 days of a new Congress or a new session of a Congress. This offers numerous log-rolling possibilities where one group of protectionist interests can join with several other groups to form a majority so that no single escape-clause recommendation may be overruled. This would return us to the days of tariff log-rolling, which were among the sorriest chapters in our history.

In my judgment, the Senate should at least and even reluctantly return to the House version of the bill which provides that if the President disapproves of a Tariff Commission finding, the President's views can be overturned by a vote of two-thirds of each House. In fact, we should strike out the whole provision and let matters stand as they are now.

However, the House language would retain Presidential review, but it would permit the Congress to override the President by a two-thirds vote in the same manner that the Congress can override the President on legislative matters, although, as I have said, I would prefer no change at all.

THE NATIONAL SECURITY AMENDMENT

In 1954 the extension of the Trade Act provided that no trade agreement reduction in duty shall be made if it would threaten domestic production needed for projected national defense requirements. In 1955, the act was amended to provide a procedure for investigation and action by the President if he agrees with the Director of the Office of Defense Mobilization that any article is being imported in such quantities as to threaten to impair the national security.

This national security section was never meant to be an alternative to escape-clause relief. Its purpose was to avoid a threat to the national security through imports. The question of injury, while it might be a factor in the consideration, was not the object of the provision as such. As the House report states:

The interest to be safeguarded is the security of the Nation, not the output or profitability of any plant or industry except as these may be essential to the national security.

By amendment the Senate changed the nature and intent of this section. The national security amendment sets up an implicit syllogism which states, in effect:

First. The economic welfare of the country affects national security.

Second. Any industry which is injured by imports weakens the economic welfare of the country.

Third. Therefore, injury to a domestic firm or product, or unemployment, or a decrease in Government revenues, loss of skills or investment, affects the national security.

This really means that virtually every industry or product can qualify as a national security industry and obtain tariff relief.

This would mean an overlapping of the functions of the Tariff Commission, under the existing escape clause, and the Office of Defense Mobilization, under the national security amendments. It would put unneeded and unnecessary burdens on the Office of Defense Mobilization which has many more important functions to carry out in the field of our vital national security. It would give domestic industries two avenues for relief and would bring an unending number of cases and disputes before both bodies. When one considers examples of cases which have gone before the Tariff Commission in escape clause proceedings, and when one considers that these industries would now, by definition, be considered to be national security industries, the folly of this amendment can be seen. For example, the industries producing the products or articles I shall name, which have sought escape clause relief in the past, could now seek relief as national-security industries. I placed in the RECORD yesterday a list of the products which could seek relief as national-security industries. I cited a list of the 48 industries which have sought escape-clause provisions in the past 10 years. It will be seen how ludicrously unimportant some of these products are to the national security:

Spring clothespins, wood screws, blue-mold cheese, groundfish, glace cherries, bonita and tuna, ground chicory, coconuts.

There may be coconuts grown in the United States, and probably are, but I have never seen them. Glue of animal origins and inedible gelatin; hardwood plywood; red fescue seed; dressed rabbit furs and fur skins, not dyed; cotton pillow cases; certain jute fabrics; wool felts, nonwoven; garlic.

How important is garlic to the national security: women's fur felt hats and hat bodies; hatters' fur; dried figs; tobacco pipes and bowls; scissors and shears; ferrocerium (lighter flints); velveteen fabrics; straight pins?

Now we have something really for the birds: pregnant mares' urine. I stared at that item for a long time and could hardly believe my eyes. It is difficult for me to understand how this product can be protected. Why does it need protection? What would be done with it without protection? Apparently, though, a trade association is seeking to get higher tariffs on the urine of pregnant mares. This is tariff protection with a vengeance. Household china tableware, chalk whitening, woodwind musical instruments, metal watch bracelets, rosaries. These certainly should be above economic considerations. Mustard seeds. The parable which Jesus quoted indicates that great growth can be expected from mustard seeds, but they are hardly important in our national economy. Wool gloves and mittens; stainless steel table flatware; umbrella frames; clinical thermometers; handmade blown glassware; watches; motorcycles and parts; bicycles and parts; cotton carding machinery; lead and zinc; fluorspar; para-aminosalicylic acid; screen printed silk scarves; alsike clover seed; toweling of flax, hemp, or ramie; violins and violas; safety pins.

Mr. WILEY. Mr. President, will the Senator from Illinois yield to me?

The PRESIDING OFFICER (Mr. JORDAN in the chair). Does the Senator from Illinois yield to the Senator from Wisconsin?

Mr. DOUGLAS. I am glad to yield.

Mr. WILEY. As the Senator from Illinois knows, I am not a member of the committee. I have listened with great interest to the remarkable address being made by the Senator from Illinois. I should like to ask several questions.

I notice that the Senator from Illinois has been discussing the provision of the law that no reduction of duty shall be made if it threatens the security of a domestic industry. In that connection, the Senator from Illinois has been referring to various items, including hardwood plywood, bicycles, and watches. As I recall, a few months ago, one of the eastern watch-manufacturing companies received from the Commission an order which affected the domestic watch-manufacturing industry. Does the Senator from Illinois remember that incident? The question was whether American labor would be deprived of work.

Mr. DOUGLAS. Is the Senator from Wisconsin referring to the application of

the domestic watch-manufacturing industry for an increase in the duty, which the President granted?

Mr. WILEY. Yes.

Mr. DOUGLAS. I remember it.

Mr. WILEY. Of course, that did not come under this particular section of the law.

Mr. DOUGLAS. It came under the escape clause.

Mr. WILEY. Two items in which I am particularly interested—because unemployment in the industries which produce them has resulted in my State—are bicycles and hardwood plywood. I wish to call this matter to the attention of the Senator from Illinois because I realize that he, with his fine, philosophical mind, has considered the future, and realizes that in the past 10 or 15 years there have been built, through our generosity, competitive manufacturing plants in various foreign countries. The difficulty is that in Japan, for instance, such labor is paid only 40 cents a day, whereas American labor in the competing industry is paid \$2 an hour.

Mr. DOUGLAS. I think the difference is not quite that great; I believe that labor in the competitive Japanese industry is paid 15 cents an hour, as compared to the \$1.80 or \$2 an hour received on the average by American labor.

Mr. WILEY. That creates a situation which, of course, is not competitive; instead, it is suicidal.

In view of the fact that the match-manufacturing industry was granted relief, now that hundreds—in fact, thousands—of American workers in the plywood industry are unemployed, what remedy would the Senator from Illinois propose?

Mr. DOUGLAS. They already have the same remedy, by way of the escape clause, that the watch-manufacturing industry used.

Mr. WILEY. I realize that. But I wish to pursue the matter further. In recent years we have educated the Japanese people to the point where they have become the greatest foreign consumers of American-grown wheat, but at the same time the Japanese are manufacturing plywood products which are imported into the United States and result in putting Wisconsin workers in our domestic plywood industry out of work, in view of the fact that the Japanese product is placed on the market at a price 50 percent less than the price at which the American plywood industry must sell its product. Thus, a foreign market has been created for American-grown wheat, but the American market has been taken away from our domestic plywood manufacturers.

I am considering the future, when not only American-made plywood and watches will be at such a terrific disadvantage, but when other American-manufactured items will suffer from similar competition from products imported from foreign countries. If a tariff is immediately imposed, international difficulties are created.

I want the Senator from Illinois, with his fine brain, to think about this matter, and see whether he can give me the

answer. If he cannot give it to me now, I shall continue to seek it, because it is most important that we do not give our domestic producers of wealth—such as our domestic plywood industry—the impression that we are taking their market away from them and are giving it to the Japanese, at the same time that we are creating a Japanese market for American-grown wheat. Certainly this subject requires the great intellectual ability and spiritual intuition of the distinguished Senator from Illinois. Can he give me the answer?

Mr. DOUGLAS. If Japanese imports to the United States were to be shut off—

Mr. WILEY. Does the Senator from Illinois mean if they were totally shut off?

Mr. DOUGLAS. If they were appreciably reduced—whether in the case of plywood or textiles—naturally the amount of American products which the people of that country could purchase would be decreased, and that would reduce their purchases of American wheat, machinery, soybean oil, and so forth. That is the first point.

Second, of course we realize that the transportation costs from Japan to the United States, which are appreciable, already constitute something of a tariff.

Third, we should take into consideration not only the hourly wages, but also the output per manhour, in order to arrive at a proper comparison on the basis of labor cost per unit of output. The difference between the American and the Japanese labor cost per unit of output is by no means so great—despite the industrial machinery used today by Japan—as the difference in wages. In many cases we have the advantage, not they. In fact, most foreigners complain that with our efficiency we can produce more cheaply than they can.

Fourth, if the Japanese were to export more goods to the United States than they imported from the United States—of course, I am sure that is not the case today—the result would be an outflow of gold to Japan, for the effects of the flow of gold are not completely insulated, even under modern banking conditions, from the Japanese price levels; and their price levels would rise. That would put their exports at a disadvantage, because with higher costs there, and possibly lower prices here, the Japanese would not be in so favorable a condition as they had been. Since 1950, average wholesale prices of products in this country have risen by only 14 percent, whereas wholesale prices in Japan have risen 50 percent.

Finally, as a country becomes industrialized, trade unionism increases, the wage rates rise, and the political branch of the labor movement puts into effect minimum wages and sound security so that industrialization in part creates its own correctives.

I grant that it would take time for all those factors to operate. But any reduction in tariffs would also be gradual.

So I wish to emphasize the point that we should move forward, in the direction of expanding international trade,

rather than in the direction of contracting international trade.

Mr. WILEY. Mr. President, I hope the Senator from Illinois does not object to my questions.

Mr. DOUGLAS. Certainly not.

Mr. WILEY. There is an old slogan, which I believe to be correct, namely, that the American market belongs primarily to the American producers. Our country has been built on that doctrine.

The latest figures which have come to my attention show that our country has a total production valued at approximately \$440 billion. The latest information I have in regard to our exports is that they amount to approximately \$19 billion. My point is that we must be sure that in attempting to obtain the \$19 billion, we do not stick a dagger into the \$440 billion. We must be sure that in obtaining exports, we do not injure the morale of our own producers and cause them difficulties.

The Senator from Illinois has not given me a solution to the unemployment situation in our plywood industry. He has discussed the philosophy, but he has not supplied the answer.

Mr. DOUGLAS. Of course we cannot expect to have the benefits of trade and commerce evenly distributed over society as a whole; and very frequently, in the process of distributing benefits, certain industries are injured.

I think the Senator from Wisconsin has made a very strong argument in favor of compensatory payments to both industry and labor, for any losses which they may suffer. I have sponsored such an amendment; and, to judge by the remarks the Senator from Wisconsin has made, I believe I may have made a convert.

Mr. WILEY. A what?

Mr. DOUGLAS. A convert.

Mr. WILEY. How does the Senator from Illinois spell that word? [Laughter.]

I doubt whether compensatory payments, about which the Senator has been talking, are the answer.

I should like to ask one other question about a matter which has been discussed. Again, I must plead my ignorance, because I am not on the committee, and I have not done any reading on the subject. I have a pocketful of material which I hope to be able to read tonight, including the minority views of the Senator from Illinois. But is not a part of the answer to be found in quotas?

Mr. DOUGLAS. To answer that question immediately, I would say "No"; quotas would be just as bad as tariffs, and possibly a little worse.

Mr. WILEY. Why are quotas not the answer? Let us assume that the American market will take X number of plywood board feet. Let us assume that last year Japan furnished 25 percent of that market. Now, because of this wonderful America of ours, with its tremendous buying ability, Japan is after 100 percent of the market, which, if Japan succeeds, will put out of work the group of people who are willing to have Japan take 25 percent. Now Japan wants 100 percent of the market. I am trying to reconcile my concept of re-

ligion with economics. The Senator from Illinois quotes the Bible. I think Paul said that he who does not look after his own is unworthy. Why would not a 25 percent quota—if that is the correct ratio—be a fair one which Japan should have, and let the American producers have 75 percent of the market?

I am trying to see my way clear to rationalize the just way to proceed.

I also realize the Senator from Illinois and I have not discussed the foreign-relations aspect of the problem. That aspect must be taken into consideration in the contracting world of today. But I do not think our foreign relations are helped when we permit community after community in the United States to be raped by having their entire plywood industry taken away from them.

Mr. DOUGLAS. Once quotas are started and are imposed on foreign goods coming into this country, we can be perfectly certain that foreign countries will then impose quotas on United States goods, and there will be limitations upon Wisconsin butter going to Japan and limitations on American wheat going to Japan. Some persons think we are the only nation that can play this quota game, but foreign countries can retaliate, and the ultimate result will be a general shrinking in trade.

I have a robust faith in competition. I have a robust faith that if the markets are kept open, goods will ultimately be produced in those countries where they can be manufactured most effectively. It seems extraordinary to me that persons who profess to believe in competition and free enterprise are afraid of it when it is applied across national lines.

Mr. WILEY. Will the Senator yield further?

Mr. DOUGLAS. I yield.

Mr. WILEY. The distinguished Senator from Illinois has been a bulwark for the rights of American labor, and has insisted on a living wage and on the right that the returns of labor shall be constantly increased. I cannot understand his last remark, because, in my humble opinion, the evidence is very clear that the Japanese workman is as clever, and in many respects more so, in producing goods as are some of our own people. Last week I had lunch with a colonel who was in Japan. He showed me a little loudspeaker which costs \$50 in this country. He had bought it for \$18. Why is that so? Because a Japanese workman, instead of getting \$2 or \$3 a hour, which the American workman gets, receives only 40 cents an hour. I am thinking in terms not only of today or tomorrow, but the tomorrows of next year and the years after that.

The Senator has stated he is afraid that if this country imposes quotas, foreign countries will impose quotas on goods we may send to them. Japan had 25 percent of our plywood market. It should have been pleased with that percentage of the market. Japan needed wheat, and she was able to buy wheat

under that arrangement. There are other markets in which Japan can sell, and is selling, her products; but in the plywood line, good American workmen are being put out of business. I want to find a way to protect American labor. The Senator from Illinois has been an exponent of the rights of American labor, and he has stood back of the American workmen all his life. Instead of finding a solution for them, he is talking about taking away their jobs.

Mr. DOUGLAS. It is not merely the plywood industry that wants quotas. The textile industry has been able to get the President to force Japan to put into effect informal quotas on textiles. Quotas are being extended very far, informally, even though they are not provided for in the law. The Senator from Wisconsin is proposing that quotas be further extended. If the principle is carried further, it will be applied to every article we import, and imports will be frozen at existing totals or proportions. By that very action American imports will be frozen. We cannot export unless we import. Only by means of exporting to us are foreign countries able to buy products from us. In the long run, they can buy our exports only in the quantities of the sales of their products.

The Senator is, in effect, proposing that there be a freezing of our exports to foreign countries, as well as a freezing of their imports to us. Does the Senator want that kind of a world?

Mr. WILEY. No; I think the Senator is drawing a wrong conclusion. I am merely saying that he who does not look after his own is unworthy. The way to take care of the situation is by common-sense rationing. I am asking the Senator if fixing the market for imports at 25 percent is not the correct way. The Senator from Illinois has said the President has done something in relation to textiles. Nineteen billion dollars worth of exports should not cause us to take our eye off the ball and to ignore \$440 billion worth of production. We must consider our gross national product. The minute labor in a certain industry stops producing, our gross national product is reduced by that amount.

I hope the Senator from Illinois, with his penetrating mind, which is so generally set on what he thinks is right, will give a little consideration to this situation and let me talk it over with him tomorrow, because I want the benefit of his fine economic brains and his sometimes fine political brains—I said sometimes—to see if we can arrive at a solution.

Mr. DOUGLAS. I shall be glad to talk with the Senator tomorrow or any other time. It is a pleasure to be with him. It so happens I have thought about this problem most of my adult life. I assure the Senator the matter is serious, but not so serious as he thinks. For instance, total imports last year were \$13 billion. The gross national product is now at about the rate of \$420 billion. The Senator is afraid of competition for 3 percent of the gross national product? Consumers and exporters are involved in the matter. I should have

thought the Senator from Wisconsin would have been glad he could buy a loudspeaker for \$18, for which he would have had to pay \$50 if it were produced in this country.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOUGLAS. I will yield in a moment to the Senator from Louisiana, but first I should like to make a further reply to the Senator from Wisconsin. Is not the American consumer entitled to some consideration in this process? We ought not to consider only those who are producing articles which are rivals to those produced in other countries, but consumers as well.

In the old days of the automatic gold standard we had a very simple answer, namely, if we had an excess of imports over exports there would be an outflow of gold, and such an outflow of gold would raise the price levels in the countries from which we were importing and would lower the price levels in the United States. This would automatically operate to reduce the exports to us from the other countries, and would expand our exports to them. The situation on the face of it does not move so directly now that the countries are largely off the automatic gold standard, but gold is not completely insulated from influence on domestic price levels. In addition, there are adjustments of exchange rates, which help to establish a balance.

Mr. WILEY. We have been exporting gold lately.

Mr. DOUGLAS. There is nothing to worry about in that connection.

Mr. WILEY. In spite of the \$19 billion of exports and what the Senator calls \$13 billion of imports, that is the case. That is due to the fact that there is other income, such as the tourist dollars, and so forth. Be that as it may, I should like to know what the solution is for American labor, for which the Senator has always stood up.

Mr. DOUGLAS. The Senator from Wisconsin has wept tears about Wisconsin plywood.

Mr. WILEY. About American plywood; yes.

Mr. DOUGLAS. Let me quote from a statement by Charles H. Percy, a leading member of the same party as the Senator from Wisconsin.

Mr. WILEY. Who is that?

Mr. DOUGLAS. Charles H. Percy. He is the champion money raiser for the Republican Party in the State of Illinois.

Mr. WILEY. How does the Senator happen to be so well acquainted with the gentleman?

Mr. DOUGLAS. It happens that Mr. Percy was once a student of mine, but he strayed from the fold.

Mr. WILEY. Oh, another man gone wrong. [Laughter.]

Mr. DOUGLAS. I should like to read from the statement of Mr. Percy. Incidentally, Mr. Percy is an excellent man. He said during the hearings on this bill, in reply to a question by the Senator from Vermont [Mr. FLANDERS]:

May I comment on the plywood industry, Senator? I would like very much to have you visit our own plywood plant.

Mr. Percy is the president of Bell & Howell Co. He went on to say:

We are manufacturers of plywood. We have been now for many years. We simply did not feel that that industry was highly enough mechanized to produce the product at a cost that our customers are willing to pay.

Therefore a number of years ago we opened our own wood shop, we buy veneer from Minnesota, and other States, and we manufacture our own plywood under mechanized methods.

We use the latest devices we possibly can. Our buying department has absolute authority to buy plywood from any place in the world. We have been trying to get out of this business for many years, but every time we threaten to pull out of it if our managers are not using that space profitably, because it is expensive plant space, our own people find a new technique, a new method to reduce the costs a little bit lower and they undercut the costs that our buying department can obtain on plywood.

I suggest to my good friend from Wisconsin that he have the plywood manufacturers get in touch with Mr. Percy. Mr. Percy will show them how to organize their factories. Wisconsin can learn in this respect, as in so many others, from Illinois.

Mr. WILEY. When Illinois got Chicago we were glad to have Illinois get Chicago, but we do not want to have Illinois steal the water from our lakes.

Mr. DOUGLAS. We will meet at Philippi on that question.

Mr. WILEY. What was the date of the statement the Senator read, and where does Mr. Percy live?

Mr. DOUGLAS. Does the Senator not know Mr. Percy?

Mr. WILEY. I probably know him. There are several Percy families. I remember Shakespeare had one.

Mr. DOUGLAS. Mr. Percy's statement was in the hearings in June of 1958. The statement appears on pages 684 and 685 of the hearings in the Senate committee on the bill presently under consideration.

Mr. WILEY. From where does Mr. Percy come?

Mr. DOUGLAS. Mr. Percy is from Chicago.

Mr. WILEY. Oh, Chicago. Well, that accounts for it.

Mr. DOUGLAS. Mr. Percy is a very efficient fund raiser for the Republicans and an excellent businessman.

Mr. WILEY. That accounts for it. I have a book like that, too, some place. So Mr. Percy is from Chicago. I can see the Senator is influenced by everything he said.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. LONG. I for one would be willing to join the Senator in taking Mr. Percy up on his proposal as to reducing tariffs. Let us apply that principle to the camera and motion picture camera industry.

Let us offer an amendment to remove the tariff on those items. I will predict that before the expiration of the 5 years which the Senator is requesting Mr. Percy and Bell & Howell will be producing cameras overseas, if at all. I would be

willing to join the Senator in applying Mr. Percy's logic to Mr. Percy's industry.

Mr. DOUGLAS. I think he would be perfectly willing to have that done.

Mr. LONG. I would be willing to prepare the amendment.

Mr. DOUGLAS. While I differ with Mr. Percy on many points of political philosophy, I think he is sincere, and I think he is an able manager. I believe his company can look the world in the face and fear not any man.

Mr. LONG. Mr. Percy appears to be the best one round salesman I have heard. I would be willing to take Mr. Percy up on his proposal and to remove the tariff with respect to his product, to see what happens over a period of a few years.

Mr. DOUGLAS. I am not speaking today to make a sales talk for Bell & Howell, but the Bell & Howell Co. competes with producers in Germany and Japan and is perfectly ready to do so in the foreign market, without any protection whatsoever.

Mr. LONG. I hope the Senator will join me in sponsoring such an amendment and in voting for it, because I should like to see Mr. Percy's proposal tested. Mr. Percy says that he and his associates are so good at improving methods that they can stay ahead of the world. He says that labor is a significant portion of the cost of their machinery and the cost of what they are producing, but that we should not worry about it.

Mr. Percy is one of the best and most able spokesmen, as well as one of the most eloquent, I have heard about. I propose that we take Mr. Percy up on his statement, to see how it will work. If it works the way he says, perhaps we can apply it to other industries and those industries will not need tariffs.

Mr. DOUGLAS. As my good friend from Louisiana knows, Congress has surrendered the power to fix tariff schedules and has turned that power over to the executive department, subject to review.

If we could be certain we would reduce tariffs by the use of legislative authority, I would be glad to recommend that power, but we know quite well that the protectionist point of view would be so strong that if we once again started to deal with the tariff schedules here in Congress the result would be increased protection.

Mr. LONG. We have the bill under consideration now.

Mr. DOUGLAS. I am sure Mr. Percy would be perfectly willing in the next tariff negotiation to have the tariffs on photographic equipment reduced. I am sure of that.

Mr. LONG. The Senator is complaining that under the bill the tariffs will not be cut enough.

Mr. DOUGLAS. I am saying that under the bill—

Mr. LONG. Let us take Mr. Percy up on his proposition and apply his theory to the industry in which Mr. Percy is engaged, to see what happens to the industry.

Mr. DOUGLAS. He would be delighted to have that done.

Mr. LONG. I would be happy to have such an amendment added to the bill.

The point I wanted to ask the Senator about, when I first asked the Senator to yield, relates to imports. About one-third of the imports are imports of items we do not produce and which I do not believe we should produce. For example, I speak of imports such as cocoa beans, bananas, and other tropical fruits.

Mr. DOUGLAS. Oh, there is going to be a demand that we produce our own bananas, very shortly—under glass. [Laughter.]

Mr. LONG. About one-third of our imports are in that category. The remainder of the imports amount to about 2 percent of the gross national product, and those fall into categories of various things this country does produce. That is a general statement, but I believe it is correct.

My question is: Why must we trade in such a way that only a very few industries have to take almost all—I would say perhaps 75 to 80 percent—of the burden of foreign competition, while the great majority of the industries have very little foreign competition? Why should we not so shape our trade program that the burden of foreign competition would be spread somewhat evenly?

Mr. DOUGLAS. Mr. President, the majority leader has requested that I yield to him for the presentation of a conference report which, of course, is privileged at all times. I shall be glad to yield with the understanding that the proceedings with respect to the conference report will be printed at the conclusion of my remarks. I will then make a reply to the Senator from Louisiana, after the conference report has been presented and acted upon.

(At this point Mr. DOUGLAS yielded to Mr. JOHNSON of Texas for the submission of a conference report on House bill 12575, which appears elsewhere in today's RECORD following the speech of Mr. DOUGLAS.)

Mr. DOUGLAS. Mr. President, at the time I yielded for the submission of a conference report, my good friend from Louisiana [Mr. Long] was asking the question as to why a comparatively small number of industries had to suffer from exports sent to us by other countries, and why the burden of meeting this competition was not more widely distributed over a greater number of industries.

My first reply to my good friend is that a much smaller number of industries are actually affected by imports than one would believe from the complaints of the industries in question.

For example, in the chemical industry we export many times as much in total value of chemicals as we import. In fact, in 1956 we exported \$1.2 billion of chemicals and related products and imported only \$274 million of chemicals and related products yet, the chemical industry is crying to high heaven and demanding increased tariffs and quotas, ignorant of the fact that if we were to impose increased tariffs and quotas on the chemicals we import, we could be quite certain that the other nations would place tariffs

and quotas on our chemicals, and that the chemical industry would suffer far more than it would gain.

I believe that much the same thing is true of the textile industry, because we export a very large volume of textiles.

Mr. LONG. I do not believe the Senator would find that to be the case at the present time. I believe he would find that relatively small amounts of textiles are exported now, as compared with imports.

Mr. DOUGLAS. They are about even. In 1956 we exported \$629 million worth of textile manufactures. We imported \$648 million worth. So the Senator is correct in that—

Mr. LONG. The Senator is quoting 1956 figures.

Mr. DOUGLAS. Yes.

Mr. LONG. He does not have the latest figures, I believe.

Mr. DOUGLAS. For the first 9 months of 1957 we exported \$497 million worth of textiles, and imported \$485 million, so we had a slight advantage for those 9 months. I should say that, on the whole, the exports and imports of textiles are about equal. In addition we exported \$803 million of raw cotton in these 9 months.

My first reply is that many of those who cry that they are hurt are not hurt to the degree they say they are.

The second point I should like to make—

Mr. LONG. The Senator is not applying that statement to oil, is he? At present imports are running almost 23½ percent, and exports are less than 2 percent, if I correctly recall the latest figures.

Mr. DOUGLAS. I think the Senator is correct in the case of oil.

The second point I make is that with respect to some commodities we export more than we import. That is true of wheat, soybeans, farm machinery, tobacco, raw cotton, earth-moving machinery, automobiles, tractors, trucks, electrical machinery, and so forth. Just as we export more than we import in a number of industries, so it follows that in certain industries we must import more than we export. We cannot have a situation in which all our industries export more than we import. That would be like the case of the golfer who said he always played better than his average but never fell below it.

Mr. LONG. The point remains that certainly we have made it possible, by means of exporting American capital, American management and American knowhow—and then by spending taxpayers' money to help teach foreign people to do things our way, for those nations to become low-cost producers.

That is a result for which I have voted, by the way. Thus in first one commodity and then in another commodity, foreign nations will become low-cost producers.

As a matter of fact, I would not be surprised to see within 10 years from now foreign nations being able to produce almost any manufactured item at a cost below what it costs to manufacture it in this country. My guess is that when that day is reached, our Nation

will have to subsidize agricultural exports to pay for raw materials that are imported.

This point occurs to me, as long as we are increasing the importation of foreign commodities into this country, why should we not attempt at least to have a plan about it? Why should we not try to make it so that a few industries will not have to take the entire brunt of such a policy, as is the case now?

Mr. DOUGLAS. I normally believe in the competition of the market, and I believe in having a nation specialize in the things which it can do best and most effectively. If we do that, we will get specialization as between countries, just as we now get specialization within a nation. The net result will be that the total world income and the total national income of the United States will be greater than if we try to protect some industries and force labor and capital to go into industries which are relatively less efficient than others.

Mr. LONG. I should like to give the Senator an illustration of what has been happening under the reciprocal trade program, which has grown up like Topsy.

I refer particularly to oil. The tariff was cut approximately in half. At that time the principal country interested was Venezuela. I do not believe we had a most favored nation agreement with the world in general at that time.

It made sense at that time to cut the tariff on Venezuelan oil. If I recall correctly, this Nation was exporting more oil than it was importing, particularly if we consider oil products in addition to the crude oil. The tariff being fixed in cash, the figure, therefore, was reduced to about one-third with respect to crude oil as well as many of the other commodities.

Today the effective tariff is only about one-sixth of what it was when the act was passed. Today the oil industry is at a tremendous competitive disadvantage, particularly with respect to Saudi Arabia, which now gets the benefit of the most favored nation treatment.

Therefore, in the field of oil it is entirely possible that foreign producers and foreign affiliates could take the entire United States market. The average well in Saudi Arabia flows at 5,000 barrels a day. In many cases, it does not cost as much to drill a well in Saudi Arabia as it costs to drill a United States well, which flows about 11 barrels a day.

Therefore, by a development we did not relate to the circumstances at the time the agreements were made, the oil industry is one of those selected for extermination, unless something is done, as is proposed to be done in connection with the so-called defense amendment. That could have happened just as well to many other industries.

The way these agreements were negotiated was that the foreign country would state what commodity it wished to negotiate on. Then the negotiations would proceed along the lines requested by the foreign country, in the interest of the country which sought to obtain concessions here. Our country would

then indicate what concessions it desired to obtain from the foreign country.

Whereas this Nation was a low-cost producer of a particular commodity at the time the act was passed, now at a later date we find the foreign producers, because of American export of capital and American export of methods and American export of know-how, are capable of producing economically at a lower cost many commodities which in previous years they produced at greater cost.

Under those circumstances some American industries find themselves well protected. It seems to me that in the administration of the overall program, by mere happenstance certain industries have been greatly jeopardized, whereas others have had more protection than they really need.

Mr. DOUGLAS. While I am not enthusiastic about the escape clause, that clause is in the act, and the oil industry can resort to it. In addition, a national security provision is already in the act. What does the Senator propose? Does he propose a program of quotas with respect to Venezuelan oil?

If he does, let him think about the consequences. The result will be that Venezuela will not be able to buy as large a quantity of American goods as it does now. That may not affect Louisiana or Texas or Oklahoma, but it will affect the rest of the country very sharply.

I see on the floor the distinguished junior Senator from Michigan [Mr. McNAMARA]. That will mean that there will be fewer automobiles and fewer trucks which Detroit, Mich., can send to Latin America.

Mr. LONG. The Senator from Illinois will find that in recent years some of the oil-importing countries have increased their shipments to the United States by as much as 500 percent, while their purchases from us have increased by only about 50 percent.

My general proposal would be that we attempt to maintain about the same ratio of imports as against exports on oil that we had in effect in 1954.

Incidentally, that is what the President's committee recommended we should do, at the time it made its investigation of the necessity of having an oil industry for purposes of national defense.

The Senator has been criticizing the amendments to the defense provision. Does the Senator seriously think that the language in the bill—and if he thinks so, I wish he would show why he does—in the defense amendment would actually apply to these various items, such as pregnant mares' urine?

Does the Senator believe there is anything in the defense amendment which would cause the President to determine that the national security was impaired because we had imports of pregnant mares' urine?

Mr. DOUGLAS. I should like to direct the Senator's attention to the language on page 24 of the bill, which reads:

In the administration of this section, the director and the President shall further recognize the close relation of the economic welfare of the Nation to our national

security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries.

Therefore, under the strong wording in the bill, if one industry is affected adversely, it is held to affect the economic welfare of the Nation, and if it affects the economic welfare of the Nation, it is said to affect the Nation's security. Therefore, blue-mold cheese, pregnant mares' urine, and some of the other items I have mentioned could be defended as necessary for our national security. It is fantastic, but no more fantastic than the claims which are already being made under the escape clause.

Mr. LONG. The language to which the Senator refers states that the President "shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries." I submit that the examples the Senator from Illinois is citing, such as pregnant mares' urine, spring clothespins, ground fish, and so forth, are absolutely ridiculous when used as examples.

Mr. DOUGLAS. Consider clothes pins, for example. They were granted an increased tariff last summer under the escape clause.

Mr. LONG. But not under the defense amendment. I do not believe they would be granted any relief under the defense amendment.

Mr. DOUGLAS. Why, then, is there the language in the bill that the President shall consider "the impact of foreign competition on the economic welfare of individual domestic industries; and any unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security"?

If language means anything, it means that if one industry is hurt, then that will affect the economic welfare and the national security.

It may be that this is a lot of palaver which has been foisted on us, but I like to think that words mean something.

Mr. LONG. The effect is to say that the President shall take into consideration the impact of foreign competition on individual American industries. But I submit that to take that language and argue to the conclusion which the Senator from Illinois attempts to reach, by applying it to the urine of pregnant mares, is absolutely ridiculous. I do not know why the Senator included that item in his speech, unless it was for the purpose of being amusing, which the Senator from Illinois can be, if he wants to be.

Mr. DOUGLAS. There is nothing wrong about being amusing. But the most amusing thing are some of the claims of the protectionists.

Mr. LONG. I can understand how anyone in that business might refer to certain language and contend that the urine of pregnant mares was essential to the national defense, but the Presi-

dent would not be likely to agree with such a ridiculous argument.

Mr. DOUGLAS. I expect to find that the Association to Protect the Urine of Pregnant Mares will make such a claim. They could not get by under the escape clause, so I assume they may try to get by under national security.

Mr. LONG. I am well satisfied that no such conclusion would be reached by the President under this language; nor do I believe that would be the case with regard to most of the items which the Senator has mentioned. It seems to me there might be 1 or 2 items on the Senator's list which might have connection with national defense.

Mr. DOUGLAS. Glacé cherries?

Mr. LONG. The Senator from Illinois mentioned lead and zinc. The President might very well conclude that the lead and zinc industries were important.

Mr. DOUGLAS. I filed dissenting views a year ago on the proposal to increase the tariffs on lead and zinc. Does the Senator think, as to lead and zinc, that we will not be driving Canada and South America away from us, by shutting off imports from those countries?

Mr. LONG. I do not share the Senator's fear. It seems to me that what would likely happen would be that the President would determine the level of imports desirable in this country and would determine the levels of domestic production which should be retained in this country for the preservation of our own Nation.

Mr. DOUGLAS. Why not let the competition in the marketplace determine that situation? The result will be that the more efficient firms will get the market, and the less efficient firms will go out? That is the law of life. But I favor a trade agreement program to soften the impact.

Mr. LONG. We are seeing right now a good example of why we should not follow such a course. Our troops are now in the Middle East. One of our concerns in the Near East is the protection of the fuel supply which is very important to Western Europe.

I certainly hope the Senator from Illinois would not want this Nation to become totally dependent for its fuel supply upon the oil industry of foreign nations and the sort of persons who spit on the Vice President's wife and tried to kill the Vice President himself; people who change their loyalty when they are seeking aid. I certainly hope we will not have to depend on that type of people for our fuel supply in the event we have to fight a war, because the Senator knows that fuel is very important to any nation.

Mr. DOUGLAS. When we get into the field of national security, we get into noneconomic considerations. I quite grant that in the world as it is now, it is necessary to have certain items ready in case of war. I merely say that the national security clause can be stretched too far because everybody is trying to get on board.

We had an example of that in the case of the so-called watchmakers craft. It was said that we had to have a domestic watch industry in order to have

skilled precision workers. We investigated that claim and found that it is not necessary to maintain precision workers in that one industry; they can be developed in a number of other industries. The watchmaking industry is not the sole industry in which to do this. We made a careful study of that problem.

I think my good friend from Louisiana, of whom I am very fond, does not have a sufficiently robust faith in the ability of the people of the United States to compete with the people of other countries.

Mr. LONG. I have faith in our ability to develop better methods. I heard the testimony of the Senator's friend from Illinois, Mr. Percy. His was a very inspiring statement. But I am convinced of one thing, namely, that Americans can teach others to do things the way we do them. We have spent large sums of money on just that belief. We have spent much money sending our technicians overseas to show foreigners how to do things the way we do them.

If we send our capital overseas at the rate of \$3 billion a year to build plants and to invest in foreign production, and if we export American management and know-how, we will be able to show foreigners how to produce as cheaply as we can produce in this country.

I am convinced that over a period of time we will make it possible for foreign nations to become low-cost producers of almost every item we make in the United States today, once we have supplied American machinery, taught American methods, and sent American capital. I think that will be the case. It may not be the case now, but I predict that someday it will be the case.

It seems to me that in deciding which industries in the United States should go out of business, we should at least try to treat them equally, rather than simply let matters develop by happenstance, so that some industries will get the death sentence, while others will receive, eventually, some protection to enable them to stay in business before it is too late to save them.

Mr. DOUGLAS. I think one of the lessons we need to learn in life is that, on the whole, we are benefited if our neighbors are prosperous. If our neighbors are poor and miserable, they will not have the purchasing power to buy from us the articles which we produce, no matter how efficient we may be. If they are efficient and can produce, they can buy from us, and our prosperity will increase, because we will need markets in order to get a good return for what we sell.

That is true inside this Nation. If a section of the Nation has very low purchasing power, that section pulls down the rest of the Nation. It is also true of the world. If a major portion of the world is sunk in poverty, it will not have the purchasing power to buy from us the articles in which we have both a positive and a comparative advantage. As their prosperity increases, they will be better customers of ours, and will buy more from us.

Mr. LONG. I agree with the Senator's general argument. It seems to

me, however, that in trying to reach that result, we should recognize that over a period of time we must expect to see foreign manufacturers become low-cost producers of the majority of the items which are manufactured today in the United States. I think we are tending in that direction.

Mr. DOUGLAS. I think the Senator from Louisiana is altogether too gloomy.

Mr. LONG. I am not gloomy; I am optimistic. We have been spending money to reach that result. The Senator from Illinois has voted for such spending; so have I.

Let us keep in mind that a Japanese laborer can be a very efficient and capable laborer, once he has been taught how to do a particular job. So can a German laborer; so can a laborer in Argentina or Brazil.

If we tend in that direction, I simply maintain that we ought to have some plan for it, so that instead of simply handing the death sentence to one industry and affording elaborate protection to another, the burden of foreign competition should be more evenly shared.

Mr. DOUGLAS. That, presumably, is precisely the reason for the trade agreements. The Department of State, under the President, draws up a list of commodities as to which they want other nations to make concessions to us. Then they draw up a list of commodities which the United States is willing to trade off against these commodities from foreign countries. Presumably, that is precisely what is done in the case of the industries where the damage done by reductions in tariff rates would be least. Presumably that is precisely what they do.

Mr. LONG. In following the process the Senator from Illinois has outlined, when we have made it possible for foreign producers to obtain a certain share of the American market—and offhand it would seem to me that about 5, 10, or even 15 percent of the American market might be a fair share, depending on the commodity involved—at that point we should cease doing things which would increase imports, and perhaps should turn in the other direction; in order to maintain a desirable ratio of domestic production to imports, rather than simply permit the American industry to be driven out of business.

Mr. DOUGLAS. Is the Senator from Louisiana ready, in turn, to have other countries limit the amounts they will import from the United States?

Mr. LONG. Certainly, because they do so anyway.

Mr. DOUGLAS. We are working to get them to remove quotas, and we have had considerable success in that direction. A little later I shall place in the RECORD the figures which pertain to that matter. We are working for disarmament on quotas, as well as on tariffs.

But if the Senator from Louisiana is successful, with the result that the United States begins to impose quotas, we can be sure that the other countries will start to impose quotas.

Mr. LONG. Of course, my idea of reciprocal trade is that it should be to mutual advantage. I do not believe we have ever included in our concept of

reciprocal trade the concept that free trade with other countries would be developed for the express purpose of permitting a foreign industry to drive one of our domestic industries out of business, or vice versa.

So I shall wait with interest, to see whether the Senator from Illinois can cite one case in which a foreign nation has permitted an American industry to drive out of business one of the established industries of that foreign country or, for that matter, to obtain a significant share of the market which that foreign industry previously had in that country.

Mr. DOUGLAS. I think American earth-moving machinery moves rather freely over the world; and I believe that—I say this subject to correction—not many foreign countries try to monopolize the earth-moving machinery industry. Instead, they are very glad to permit the importation of Caterpillar bulldozers—which, incidentally, are manufactured in Illinois.

Mr. LONG. Perhaps the Senator from Illinois will point out a nation which had an earth-moving machinery industry of considerable size, in which the American industry was able to acquire a major portion of the market in that foreign country. Inasmuch as the Senator from Illinois has cited that as an example, I am curious to know what nations found themselves in that situation.

Mr. DOUGLAS. Of course, earth-moving machinery is relatively new; the bulldozer has been developed in the last 30 years or so.

Mr. LONG. The Senator from Illinois has cited that as an example; so I shall await with interest a presentation by him of a case in which a foreign country has permitted the American earth-moving machinery industry to displace an established earth-moving machinery industry in that foreign country.

Mr. DOUGLAS. Does not the Senator from Louisiana admire the banana trade?

Mr. LONG. Of course.

Mr. DOUGLAS. The climate of Louisiana is very salubrious. Why not develop a banana industry in Louisiana, and shut off imports of bananas from Central America? Does the Senator from Louisiana like to see the Great White Fleet bring bananas into the United States from Central America?

Mr. LONG. We are delighted to see them come in.

Mr. DOUGLAS. But that prevents the development in Louisiana of a banana industry.

Mr. LONG. I am simply waiting for an illustration of the Senator's statement about a situation in which a foreign country has permitted the displacement of an industry which has existed there. Perhaps the Senator from Illinois is able to provide us with such an example, and I shall be delighted to have him do so.

Mr. DOUGLAS. Let me say that men are men in foreign countries, as well as in the United States; and foreign industries run for protection, just as American industries do. But that does

not mean that we should lead the procession. On the contrary, it seems to indicate that if we can get them not to push for protection, but, instead, to give it up to the same degree that we give it up, that will be better than to have a retaliatory battle.

Mr. LONG. I should like to see trade expand. But I believe the policy should result in the expansion of trade in a general sense, and not in the imposition of punishment on a few industries, while leaving other industries with far more protection than they need.

I agree that many industries complain when they do not have a genuine case for complaint. Some industries export 4 or 5 times as much of a particular commodity as is imported. Certainly I have little patience with complaints from such sources.

On the other hand, when a few industries are required to absorb the bulk of foreign competition, it seems to me the trade program should seek to spread the burden, rather than simply permit it to be pinpointed against a small number of American industries. I hope the Senator from Illinois will agree that spreading the burden should be at least an objective of the program.

Mr. DOUGLAS. Mr. President, although my good friend, the Senator from Louisiana, has a philosophic temperament, and is able to look at this issue from a general point of view, most of those who say they wish to expand trade wish to have it expanded in commodities other than the ones they produce. Many persons say, "We like the policy, but let us expand trade elsewhere." If that point of view were to be followed universally, there would not be any trade.

Mr. LONG. The Senator from Illinois is always fair, and uses good logic; and usually I find myself in agreement with him. But I believe that if he thinks about this matter a little more, he will realize that the State he represents does not absorb foreign competition to the extent that Louisiana does.

For example, Louisiana produces 90 percent of this Nation's sugar cane. Louisianans have supported a bill for the regulation of the sugar-producing industry. That bill provides, in effect, that 50 percent of the American market for sugar will go to the foreign producers.

Similarly, Louisiana has an economy which perhaps is more dependent upon oil production than is the economy of any other State in the entire Nation.

The Senator from Illinois will recall that a few years ago I voted against a provision to protect this Nation against foreign oil imports. That was at a time when the foreign producers were importing approximately 15 percent. But if a State's economy is largely dependent upon the production of oil, anyone can see what will happen to it when the foreign producers take 25 percent of the American market, and when there is a likelihood that they will take all of the American market.

So it seems to me that the fair thing to do is to spread the burden, so that other industries will share the burden of the imports, and so that consumers, in

general, rather than only the consumers of a particular commodity, will receive the benefit of competition from imports.

Mr. DOUGLAS. Oil is produced in Illinois, too; so I suppose on the Senator's logic that Illinois should sponsor a movement to purchase only Illinois oil and to have the industrial concerns of the State use only Illinois oil. But Illinois is very glad to use Louisiana oil, and thus to help Louisiana; and Louisiana, in turn, will purchase the corn, the machinery, and other products that are produced in Illinois.

Mr. LONG. I cannot recall ever having known the Senator from Illinois to vote for anything that would help the American producers of oil. So far as I recall, the Senator from Illinois has voted against the depletion allowance for the American oil business.

Mr. DOUGLAS. That is partially correct. But I have only proposed to reduce the allowance for the big producers and not for the little fellows.

Mr. LONG. And the Senator from Illinois also has voted, so far as I know, on the side opposed—

Mr. DOUGLAS. I voted against the gas bill, and I voted against the offshore oil bill. I am proud of both of those votes; I want to have that record inscribed on my tombstone. Those were measures which injured the great mass of the people of this Nation for the benefit of a comparatively small group of wealthy men.

Mr. LONG. It seems to me that the Senator from Illinois has been completely consistent; he has never missed an opportunity to vote against anything that the American oil and gas industry felt they needed, or to vote for anything that they did not want.

Mr. DOUGLAS. I wish to say that my wife and I have a very modest automobile, and we are glad to purchase, for use in that automobile, gasoline produced in Texas and Louisiana, as well as gasoline produced in Illinois. The prosperity of our country has been founded very largely on a disregard of State lines, with the result that other States can specialize in the things they do best, and my State of Illinois can specialize in the things it does best. The people of the States exchange commodities with each other; and, as a result, all of us have more than we would have if Louisiana produced all the corn consumed in Louisiana and if Illinois produced all the cane sugar needed for the sugar consumed in Illinois. All the States could proceed in that restricted way, but I hope they do not.

Mr. LONG. Mr. President, I hope the Senator from Illinois does not succeed in putting Louisiana industries out of business; I hope he does not succeed in making it impossible for them to continue to produce the commodities in which they specialize. If that does not happen, Louisiana will continue to trade with Illinois.

Mr. DOUGLAS. Good. It is always a pleasure to talk with my friend from Louisiana. He is always temperate; he is always good natured; he is never mean; he is never vicious; and it is always a joy to have a discussion with him.

Mr. President, I shall try to complete my statement in a brief time.

The list to which I had referred before the interruption is the complete list of items or articles for which escape-clause action has been sought in the 10 years since the escape clause has been in operation. It excludes duplicate items, together with 18 items which were withdrawn either at the applicant's request or by the Commission after preliminary investigation. At best a very few of these 48 products or articles could conceivably be considered to have any direct effect on national security, and for some of these—lead and zinc, and fluorspar, for example—it is now proposed that they be subsidized by the Federal Government.

WHY WE SHOULD CONTINUE TO MOVE TOWARD
FREER TRADE

But I do not want merely to stress the gross weakness of the committee amendments. There is also need for the Congress and the public to realize more fully the great positive advantages of broader international trade which we have been hinting at in the colloquies of the preceding hour.

These advantages are both economic and political in character, and would be largely lost if the committee amendments were to be finally adopted. For there can be no doubt that, if this happens, not only will the downward movement of tariffs be stopped, but that, under inevitable protectionist pressure, they will be increased.

The great economic advantage of broader international trade is that it permits goods to be produced in those areas where they can most advantageously be turned out. Each nation can specialize in those articles which it can produce best, and then can exchange these articles for others in which other nations excel. A greater total output of goods and services is thus obtained than if each nation were to become self-sufficient and use its labor and capital on articles where it was comparatively less efficient. The people of all countries therefore gain from the international division of labor which is fostered by low tariffs and an international market. For, as Adam Smith pointed out nearly two centuries ago, the division of labor is limited by the extent of the market. We in the United States already have the great advantage of the largest free internal market in the world, whereby goods can move from one State to another with comparatively little hindrance. As a result, we have geographic specialization—to which I have just referred—and a more minute division of labor. While no one proposes that all tariffs between nations be abolished, it is certainly true that a mutual lowering of such barriers would permit us to share more fully in the increased production which such a further extension of the market would bring.

It is extraordinary that protectionists do not realize how much of our prosperity is based upon our huge internal market and that further gains could be made by extending it. These gains would come from our having a

comparative advantage in certain industries as well as a positive advantage in others. An increase in protection would force us to withdraw some labor and capital from industries where they are more efficient, to those where they are less efficient. It would increase the cost of living to consumers, which is already too high, while a reduction in tariffs would help to lower prices.

We should further recognize that if we restrict imports into this country, whether by quotas or tariffs, we automatically and correspondingly restrict our exports to them. The sales which other nations make to us furnish them with the means to buy from us. This used to be effected indirectly by gold movements and changes in the price levels. Thus, as we cut down on our imports, foreign countries had to send us gold for our exports, which raised our price level and lowered theirs. This meant that our exports were produced at higher costs and were sold abroad at lower prices, and hence were reduced in volume.

In these days of the dominance of dollar credits in international trade and exchange, the connection between exports and imports is even more direct. If, by tariffs and quotas, we reduce our imports, we make available to them a smaller quantity of dollars which they can use to buy our goods.

Thus, if we restrict the importation of textiles, chemicals, fuel oil, minerals, glassware, pottery, and so on, we will automatically decrease our exports of raw cotton, tobacco, wheat, soybean oil, farm and earth-moving machinery, electrical equipment, automobiles, trucks, and so on. We will destroy as many jobs as we will create, and will turn our energies into less productive channels. Moreover, if we start raising our tariffs and imposing quotas, we can be sure that other nations will soon follow suit and will discriminate against our goods. The Smoot-Hawley Tariff of 1930 caused other countries to indulge in retaliatory reprisals against us, and this bill in its present form would have a similar effect.

The whole system of imperial preference in Great Britain and her Commonwealth states developed as a reprisal against the Smoot-Hawley tariff. In addition to that, France and Germany raised their tariffs.

Furthermore, trade tends on the whole to unite countries in a mutuality of interests. It thus builds friendship by developing complementary cooperation. Now that we are in a struggle with Soviet imperialism, we need to have the other nations of the free world on our side. Similarly, they need us. It would be the height of folly to drive an economic wedge between them and us by passing the present bill. For that would still further fragmentize the free world and make united action more difficult. We have already done a great deal of damage by restricting the flow of Canadian oil into the west coast and by forcing Japan to impose informal quotas on textiles.

In order to atone partially for the damage to Canada, the President had to make

a special trip there to soothe the Canadians' feelings.

The further adoption of such a policy is indeed likely to drive Japan into the arms of Red China. For if we prevent Japan from trading with us, virtually the only market left for her will be in China.

Japan is a country of well over 80 million people, who live on small islands, and of many manufacturing concerns. Her function is to produce manufactured goods which she can trade with other nations. She is the Great Britain of the Orient. If we prevent Japan from trading with us, she will have to find other nations with which to trade if her people are to live, and the logical place will be China. But we may be sure that Red China will only permit Japan to do this if Japan in turn agrees to weaken her political ties with us and to move over toward and ultimately into the Communist orbit. In their blindness, the protectionists, whose patriotism we do not doubt, will therefore unwittingly but surely weaken the defenses of the free world and hence of ourselves.

I am well aware of the objections raised against the reciprocal trade program. It is said we have not received any real concessions in return for those which we have made. The record of the hearings refutes this by giving a detailed list of the concessions we have obtained, which fills 6 pages in fine type—pages 903-908 of the hearings.

Then it is argued that wages in foreign countries, notably the Orient, are so much lower than ours that they can undersell us even when their physical output per man-hour is less.

This has been the theme of the questioning by the Senator from Wisconsin and the Senator from Louisiana.

It is said that this danger is heightened by the fact that our machines and scientific know-how can be exported to those countries and used to undersell products in the American markets.

There is something to this contention, but not nearly as much as is claimed. In the first place, gold has not been completely insulated from affecting the domestic price levels, and imports of this type would bring about an outflow of gold which would raise prices and costs in the exporting countries. Wholesale prices in Japan, for example, rose 50 percent between 1950 and 1957, as compared with an increase in the United States of only 14 percent. Fluctuations in exchange rates would also be a compensating factor. Furthermore, the growth of trade unionism and of protective labor legislation in the countries in question will gradually raise wage costs per unit of output and put prices more on the basis of comparative efficiencies.

These compensatory factors will take time to operate but it should always be remembered that any reduction in tariffs will be gradual and that transportation costs will always be an added cost which imported goods will have to pay and hence will be a form of national protective tariff.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. DOUGLAS. Yes, I am glad to yield to the Senator from Oregon.

Mr. NEUBERGER. I merely want to assure the Senator from Illinois that I not only have been listening to this speech of his on the reciprocal trade question, but I have listened attentively to earlier addresses by him on the same subject. I wish to assure the Senator from Illinois, who is the leader of what might be called the reciprocal trade forces in the Senate, that I follow his leadership on this issue. He has done a great deal to help educate me as to the importance of reciprocal trade, although I might say my education on this subject began quite a few years ago at the University of Oregon, when I had a wonderful economics teacher on this subject, Dr. James H. Gilbert.

Many of the things being said by the Senator from Illinois on the floor of the Senate bear out what Dr. Gilbert and others taught me long ago.

I think the present international crisis helps to make more pertinent and timely than ever the speech the Senator from Illinois is delivering this afternoon. It seems to me if we are to survive in this tense and troubled world, we simply must have commercial ties with many of the nations overseas which share with us a heritage and love of freedom. I think it is folly to believe we can have bases on the soil of these countries and the political allegiance of their people, yet at the same time not have trade with them.

I believe we can look at the example in Iceland of some years ago, when that country's parliament turned against us and against democracy in general, after we had raised our tariffs so disastrously that the ability of Iceland to export fish to our shores was greatly impaired. We can see the ideological and political trends in those countries following commercial possibilities. If I am not mistaken, Iceland then entered into an agreement with Russia to ship a great deal of fish to Russia. This was important to the people of Iceland, because they had to export fish, which is almost their only product, or they could not survive economically. But their political views were shaped by their foreign trade.

I think the Senator from Illinois knows, as a Senator from Oregon, I have been subject to a good deal of pressure from various groups in my State, who feel they are being hurt by imports from overseas of plywood, tuna fish, cherries, filberts, and other commodities.

I want to say, in defense of those people, that I think they have been reasonable, although some of them are put out with me politically. I believe when we ask our soldiers to make sacrifices by landing at Iwo Jima, landing in Korea, and landing today in Lebanon, sometimes we have to ask people at home to make sacrifices economically if we are to survive in the kind of world we inhabit now.

I am strongly in support of the position taken in the Committee on Finance by the Senator from Illinois. As he pursues that position and attitude on the floor of the Senate, I want him to know that he can count on at least one

private serving in the ranks under his generalship.

I should like to invite attention to one other matter, and then I shall not speak further at this time. I believe earlier today there was some discussion on the Senate floor, when I was not present, with regard to plywood imports.

I want to note that a good deal of controversy has been stirred up in the Pacific Northwest about the alleged impact of plywood imports on the domestic production of plywood. Oregon—and the rest of the Pacific Northwest—is a great center of production of softwood plywood in our Nation. The plywood which is being imported is the more expensive hardwood variety, and the Tariff Commission has found that it is not competitive with that produced in the Pacific Northwest. Nevertheless, an effort has been made to exploit plywood imports as an issue in the protectionist fight against the Trade Agreements Extension Act now before the Senate.

The Portland Oregonian recently published an editorial reviewing the comments on this subject which were collected by the publication entitled "The Timberman." The Oregonian editorial states that—

Answers summarized in the just-released Forest Industries Yearbook issue of the Miller Freeman publication indicate the industry is not nearly so exercised over increasing imports of Japanese plywood as are some Members of Congress.

It concludes:

If the Timberman's answers are a fair sample of general opinion in the plywood industry, and there is no reason to doubt it, the producers have a broader view than some would credit them. More are for two-way foreign trade than are against it, even if it hurts a little. It appears that a few Members of Congress, some labor leaders, and others have been shouting up the wrong tree.

Mr. President, I ask unanimous consent that the editorial from the Portland Oregonian of June 21, 1958, entitled "Up the Wrong Tree," be printed in the RECORD with my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

UP THE WRONG TREE

Among questions asked forestry leaders in all parts of the United States by editors of the Timberman was this one: Re foreign log and product imports—do you think this will critically affect softwood plywood plants?

Answers summarized in the just-released Forest Industries Yearbook issue of the Miller Freeman publication indicate the industry is not nearly so exercised over increasing imports of Japanese plywood as are some Members of Congress. Here are summarized replies by sections of the country:

Oregon—"We can't compete with foreign production. Nor can we rely upon protective tariffs, which violate our help-foreign-countries policy. Free trade should prevail. Japanese plywood will hurt $\frac{1}{4}$ -inch and $\frac{3}{4}$ -inch sanded fir plywood production. It's already hurting the hardwood-on-fir industry."

Washington—"The softwood plywood industry will not be affected seriously by foreign imports. We can compete with them on thicker panels, but in panels $\frac{3}{8}$ -inch and under it's tough to do it.

"Foreign manufacturers extend our raw materials source.

"Preservation of the free world is important—it's our foreign policy. We gain valuable information and know-how in exchanges of technical knowledge with foreign countries.

"Foreign logs will save the west-coast plywood industry.

"Foreign imports are in categories where we can't compete with them, as in skins for doors.

"Growing population will demand both foreign and domestic plywood."

Eastern and southeastern area—"We do not anticipate any problem greater than that now facing plywood plants—it shouldn't increase. Overall, it isn't a great problem."

Southeastern region—"On foreign log imports, the consensus is that the effect of these imports is not so great. Most feel that this is one facet of the defense program, i. e., foreign aid, and approve of foreign aid. A few feel this will critically affect softwood plywood. On the face of it, most would like to see foreign competition built up as plain and simple competition, not subsidized with United States dollars. Competition, arising out of efforts to help friendly countries, seems to be tolerated and not too widely condemned."

If the Timberman's answers are a fair sample of general opinion in the plywood industry, and there is no reason to doubt it, the producers have a broader view than some would credit them. More are for two-way foreign trade than are against it, even if it hurts a little. It appears that a few Members of Congress, some labor leaders and others have been shouting up the wrong tree.

Mr. NEUBERGER. I should like to add, Mr. President, that it is encouraging that the Oregonian, the paper of the largest circulation in our State, supports those of us who are arguing for a liberal and enlightened trade policy.

Mr. DOUGLAS. Mr. President, I thank the Senator from Oregon for his comments. The Senator from Oregon is well able in these matters to proceed under his own steam and with his own ability, without regard to any influence from anyone else. I commend the Senator for the courage he has shown in placing the long-run interest of his own State and of the Nation ahead of the complaints of individual groups, which often create a terrific amount of noise, much out of proportion to the actual injury which they suffer. It is only if we have Senators who take the attitude of the Senator from Oregon that we shall obtain a policy which is really in the best interest of the country.

Mr. NEUBERGER. I thank the Senator from Illinois for his very generous comments.

Mr. DOUGLAS. Mr. President, there is another objection I should like to consider; namely, it is frequently said that we get concessions in tariffs from other countries in return for our tariff concessions but that the other countries later "doublecross" us by imposing quotas upon our goods, and therefore in effect take back the concessions which they presumably originally made.

Let me say I think there is a certain degree of truth in this contention. I do not think the behavior of all the foreign countries has been impeccable in this matter. There are legitimate grounds for complaint.

In fact, I had a series of conferences with British officials, both heads of ministries and civil servants, last December. I urged them to expand some of their quotas as an evidence of good will, and stated that the United States could not be expected to make all the concessions.

I am very happy to know that during the last few weeks, the British have made concessions upon fruit, and are willing to admit larger amounts of Oregon and California fruits to the British market, as well as Virginia apples. I hope these concessions will continue.

Mr. President, I should like to make two points concerning this matter. First, a great deal of progress is being made in reducing the quotas. I had a memorandum prepared in this regard, and I studied the subject when I was abroad a few months ago. I think the following is a fairly accurate statement. In Austria 40 percent of the quotas have been liberalized in the period from 1953 up to the 1st of January 1958. Eighty-six percent of the quotas in Belgium and Luxembourg have been liberalized. Fifty-five percent of the quotas in Denmark have been liberalized. In France there has been no progress, largely because of the difficulties which the French franc has had in international affairs. In Germany, 93 percent of the quotas have been liberalized. I think there is still more progress which Germany should make in this direction, because Germany certainly does not now have a balance of payments difficulty. Ninety-nine percent of the quotas in Greece have been liberalized. Seventy-one percent of the quotas in Italy, 86 percent of the quotas in the Netherlands, 86 percent of the quotas in Norway, 68 percent of the quotas in Sweden, none of the quotas in Turkey, and 59 percent of the quotas in the United Kingdom have been liberalized. I must say again that the United Kingdom has more quotas than I would like to see imposed, although the figures for Sweden and the United Kingdom do not include the most recent announced dollar liberalization measures. The point is that progress is being made.

It is in the GATT organization, which is despised by so many protectionists, that we are carrying on the campaign to reduce these quotas. This is the place where we put the pressure on against the quotas. It is necessary that we function effectively in GATT, and on equal terms, if we are to make our voices heard in the reduction of quotas.

To conclude, Mr. President, there is therefore every reason why we should push forward on a meaningful extension of the reciprocal trade program. To do so will help the consumers and the Nation and will improve our position both economically and politically.

The committee amendments should therefore be rejected, and the power of the President to raise duties under the escape clause be made no greater than that which he now possesses.

Mr. President, I yield the floor.

NATIONAL AERONAUTICS AND SPACE ACT OF 1958—CONFERENCE REPORT

During the delivery of Mr. DOUGLAS' speech:

Mr. JOHNSON of Texas. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 12575) to provide for research into problems of flight within and outside the earth's atmosphere, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of July 15, 1958, pp. 12641-12645, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. JOHNSON of Texas. Mr. President, I have informed the distinguished minority leader that this conference report would be laid before the Senate. The distinguished ranking minority member of the conference committee, the Senator from New Hampshire [Mr. BRIDGES], is present in the Chamber.

The bill worked out by the conference committee represents the collective judgment of Members of both Houses. In my opinion, and I believe in the opinion of all the conferees, it brings together the best provisions of the original House and Senate versions.

We proceeded on the assumption that the issue of space is a matter of highest national policy. The subject is of such great importance that it should be the direct and immediate concern of the very highest officials of our Government.

For this reason, we have created a National Aeronautics and Space Council which would be headed by the President of the United States himself. This Council would be responsible for advising the President in overall policy planning and in the decision functions which he, and only he, can make.

We are dealing with a new dimension only recently opened to us by an onward march of science. We know very little about that dimension. In fact, the only thing we know with certainty is that its exploration will dominate our activities for many centuries to come.

At this point, most of our knowledge of outer space is theoretical. But our need for this bill and for a clear-cut policy on outer space is far from theoretical.

It is a practical and very urgent necessity. We cannot wander into outer space solely on the basis of happenstance.

Without this bill, of course, we would still have a policy on outer space. But it would be a policy created solely by default. As far as our country is concerned, it would mean that our major efforts to penetrate outer space would be

dictated almost entirely by the needs of the military for new weapons.

As prudent men, we have no desire to place roadblocks in the efforts of the armed services to defend our people against aggression. But our sights would be sadly limited if we looked upon this new dimension solely as an arena for armed conflict.

Instead, we must look upon outer space as a challenge to the creative impulse of mankind. And if we meet that challenge properly, we may find that the road to lasting peace truly lies through the stars. The challenge is so great that it dwarfs the animosities and the hatreds that divide humanity today. We must be big enough to meet that challenge, and I have confidence that we will be big enough to meet that challenge.

Mr. President, it is seldom that I have had the heartwarming experience of working with such a cooperative group of men as those who have produced this bill. The cooperation was evidenced by Members of both sides of the aisle and in both Houses of Congress.

Great credit is due the chairman of the House committee and the House majority leader, the Honorable JOHN W. MCCORMACK, and I wish to extend through him my deep and personal thanks to all of the members of his committee.

I also wish to commend the ranking minority member, Mr. BRIDGES, and all of the other minority Members of the Senate committee. They have all done a splendid job on a difficult and important task. I am grateful to them, as I am to the majority members of the committee.

The men who worked on this bill found that differences were quickly submerged. The desire for effective legislation became our dominating thought.

I believe this is an omen of good things to come. I believe that the desire to advance humanity through the exploration of outer space will also become a dominating thought.

Mr. President, I hope that the Senate will approve the conference report and that the measure will quickly be enacted and sent to the President where it can become a permanent and abiding guidepost to the future. The conference report has been previously unanimously approved by the House of Representatives.

Before action is concluded upon the conference report, I wish to express my gratitude to members of the Senate staff, particularly John Herberg, of the Senate Legislative Counsel's Office; Edwin L. Weisl, special counsel to the committee; Cyrus Vance; Dr. Homer J. Stewart, of the California Institute of Technology; Glen Wilson; Eilene Galloway; and Mary Rita Guilfoyle.

I am also grateful for the able leadership demonstrated by the members of the House staff.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. BRIDGES. I concur in what the able Senator from Texas has said. He

Druze soldiers in the UAR First Army (Syrian) were being released and sent to the Shuf to aid Kamal Jumblatt's forces.

JUNE 1

Lebanese opposition leader Ahmad Asad conferred in Damascus for 90 minutes with Syrian Region Interior Minister Sarraj. Volunteers are being sought in Damascus by the Education Ministry to join the Lebanese opposition.

MAY 31-JUNE 2

Since about May 2 Homs has become a center for Lebanese rebels. Every day more than 300 Lebanese rebels came to Homs to receive arms and ammunition to take to Lebanon.

UAR First Army (Syrian) was forging Lebanese, Jordanian, and Iraqi identification cards, sending agents to Lebanon with them.

MAY 31-JUNE 2

Special Bureau of UAR Ministry of Interior (Syrian region) paid Palestinian refugee 200 Syrian pounds to carry arms and explosives to Tripoli.

Special Bureau offered 500 Syrian pounds per month to each Palestinian who was willing to be infiltrated into Lebanon to fight with opposition.

JUNE 2

UAR Syrian region frontier from Sirghaya to Qatana declared out of bounds for civilians—this area was used for staging operations into Lebanon, particularly to South Lebanon and Shuf Region.

Lebanese from Kuwait landed at Mezze Airport. They did not go through customs, but departed from the Syrian Air Force section of the field. With regard to housing, the provision of arms, and onward transport to Lebanon many of those arriving made known that Syria would meet these needs. A Danish-run hospital at Nabak, Syria was asked to care for wounded Syrians.

Increasing rebel strength could be augmented in about 20 days to as many as 30,000 men. The rebels obtain arms and supplies from Syria.

MAY 25-JUNE 3

On May 29, 50 bus loads of Syrian Druze volunteers left Majd al-Shams (southern staging base for UAR support of Lebanese rebels). Volunteers paid 270 Syrian pounds per month.

Approximately May 25, 20 Palestinian refugees went to Ministry of Interior in Damascus to volunteer for service in Lebanon. They were directed to special office in Syria Ministry of Education.

Syrian soldiers and officers volunteering for service in Lebanon being paid the equivalent of their monthly base for each week in Lebanon.

JUNE 3

A UAR First Army (Syrian) captain left Syrian Region for Lebanon with 400 Palestinian commandos. (A detachment of these commandos had marched in the Syrian Army Day parade.)

JUNE 2-4

At the battle of Nabl Uthman (June 2-3) defenders could hear commands shouted to rebels in Egyptian Arabic. The concern of rebels to call a truce to remove their dead due to possibility that UAR irregulars were among the dead.

Reports from Damascus stated that UAR Government is pressuring Damascene businessmen to contribute money for support of Lebanese opposition.

Serious Egyptian activities toward promoting an overthrow of the Lebanese Government began about a week prior to the assassination of Lebanese publisher Nasib Matni. Fadayin from Gaza have been sent in groups of approximately 30 men twice weekly. Most of them have returned to

Gaza: about 150 remain in Lebanon as of June 4.

JUNE 5

Five hundred Palestinian commandos released from UAR First Army (Syrian) and left on night of June 3 for Lebanon.

A large quantity of arms, including anti-tank and antiaircraft weapons, have been sent from Syria to different areas in Lebanon.

While entering Lebanon at a point along the frontier, 250 volunteers coming from Syria were subjected to a surprise attack by a Lebanese unit.

JUNE 6

An opposition village in south Lebanon was encircled by security forces. Opposition forces in the town, estimated at 400 to 500, included 150 Syrians and an unknown number of Syrian officers.

Northeast of Damascus at Duma between 1,000 and 1,500 unarmed men similarly dressed were seen. According to dialects of their speech, they seemed to be Palestinians and men from surrounding villages. Those watching called them mujahidin en route to assist the Lebanese opposition.

Syrians have established recruiting and processing stations at Bloudan for volunteers to fight in Lebanon. Monthly pay of 500 Syrian pounds with 15,000 Syrian pounds to be paid to relatives in case of death. Rate of recruitment at Bloudan is 2,530 per day. A Syrian said he had been offered a flat 1,000 Syrian pounds to fight in Lebanon, and was accepting since he had no regular job.

Reports received state that there are 5,000 rebels in the Bekaa Valley. It was feared that, headed by Syrian military personnel, they might coordinate their activities.

JUNE 6

Muhammed Bakri Rabi Ammunah, a Syrian from Aleppo, is accused of throwing explosives on May 19 and 20 in the Beirut vegetable market and business center.

MAY 23-JUNE 7

UAR (Syrian region) Ministry of Interior Special Information Bureau established recruiting offices on May 23 at Dira, Suwaydah, and Maru northwest of Dira) for recruiting volunteers to fight in Lebanon. Recruiters hired only Muslims, claiming that fighters were needed against Christians in Lebanon. Each volunteer was paid £S150 monthly, given 1 rifle (various types), 200 rounds ammunition, 4 hand grenades, 1 sticky bomb. As of June 7, the recruiters had signed up 40 from Dira and Maru and 300 from Suwaydah. Early in June many volunteers returned to Damascus wounded, creating problems. Hospitals in Damascus were full.

JUNE 7

The situation in Tripoli has passed out of hands of rebel leader Rashid Karamé, and the organization and direction of opposition now in the hands of Syrian infiltrators. * * * The Syrian G-2 was paying the ringleaders in Tripoli.

JUNE 6-8

Beirut: The Lebanese Air Force, using rockets and napalm bombs, smashed a column of 500 men bringing arms and explosives down the rain road from Homs, Syria, to Baalbek, Lebanon, yesterday.

JUNE 9

While an American journalist was in Syria, he observed volunteer camping sites where Lebanese were gathering in preparation to aid the opposition forces.

Lebanese opposition leader Shibli Aryan has following missions:

1. Organize transfer of arms from Syria to the Shuf region.
2. Facilitate passage of armed men from Syria to the Shuf and vice versa.

When band from Kamid al-Lawz (south Bekaa) asked for arms to defend their vil-

lage, Aryan advised that he would give them arms only if they would go to Syria and from there proceed to Akkar to fight.

JUNE 9

General sources in the area of Hama and Homs stated that casualties from Lebanon are being evacuated to their area. Volunteers, who are paid 200 Syrian pounds and equipped with rifles and mortars, are transported in groups of about 50 each to the frontier in the charge of two Syrian Army men. One example is cited of a Greek businessman who had an employee who volunteered.

JUNE 10

As of June 10, 15,000 Syrian volunteers had been recruited and the majority of them were already in Lebanon. On June 4, 10 truckloads of cheering volunteers carrying arms entered Damascus from the direction of Homs. (B3F): Prior to June 7, approximately 400 youths from the Druze village of Jaramanah, near Damascus, had volunteered.

Jumblatt's military operations as of this date were still under direction of former Syrian Chief of Staff Shawkat Shukayr.

A high Lebanese official reported evidence that Kamal Jumblatt was receiving reinforcements from the Syrian Druze.

JUNE 11

An Ex-Director Political Affairs, Syrian Foreign Ministry admitted that:

1. Lebanese opposition smuggling arms from Syria—arms purchased on open market.
2. Lebanese expatriates in Syria infiltrating to aid opposition—possibly several hundred.
3. Perhaps some Syrians also volunteering.
4. Syria not helping infiltrators or smugglers but doing nothing to prevent them.

A former Syrian official revealed that Lebanese living in Syria were returning to Lebanon—possibly in the hundreds—to join the opposition which is also obtaining weapons in Syria. It is possible some Syrians might be among the returnees. The government in Damascus is neither helping nor hindering these activities.

JUNE 12

On June 12 a commercial bus was parked beside the serail in downtown Damascus. Approximately 30 men in civilian clothes were seen loading wooden cases on top of the bus, later departed in the bus. Observers stated that the men were volunteers to assist the Lebanese rebels, and that they received £S200 per month. This going rate of pay was widely quoted in Damascus, and UAR denials of complicity in the Lebanese situation were subject to much caustic comment in Damascus.

JUNE 9-13

Lebanese opposition leaders from the Baalbek region were seen in Damascus during week of June 9-13 receiving arms and money.

JUNE 14

On two successive nights early in June a number of Lebanese of the opposition forces passed through a part of Israeli territory on trips to and from Syria to obtain weapons. There is no doubt that they were armed on the return trip.

Overnight on June 13-14, 40 trucks loaded with weapons were sent to Sirghaya (Syria) to be taken from there by clandestine means to Baalbek. On June 11 and 12, 2,500 and 1,500 volunteers respectively crossed into Lebanon. Their nationality was not known.

JUNE 15

In Nabak on June 15 the following were general subjects of conversation among the people: To assist in recruiting more volunteers, as the fighting in Lebanon is going on longer than had been anticipated; 300 rather than 200 Syrian pounds are being offered for enlistments; those enlisting proceed from Yabrud to Baalbek; considerable enlistment processing is done at Yabrud, Dayr al-Tiya,

and Nabak; the proprietor of a Nabak cafe has his son and four relatives with the Lebanese rebels.

A convoy of 50 Mercedes trucks loaded with unconcealed ammunition and small arms which had come from Damascus area was at Artus on June 16. At a road junction, a UAR official, who was leading the column, left his vehicle and directed half of the convoy towards Qatana and the other towards Qunaytrah.

JUNE 17

A reliable source noted that rebel strongholds in Beirut were full of commandos from Egypt, Syria, and Palestine.

In cafe conversations, many UAR First Army officers on the Israeli front were critical of UAR intervention in Lebanon. As of mid-June, their concern in general centered on Arabs fighting Arabs and the number of wounded being returned to the UAR Syrian regions.

JUNE 18

Report confirmed that a Syrian mission was in Kuwait gathering Lebanese for training and despatch to Lebanon..

JUNE 19

On June 19 an order was issued which alerted UAR military personnel who were serving with the rebels in Lebanon to be ready to return immediately in the event that U. N. troops or United States-United Kingdom forces land in Lebanon. U. N. observers have not deflected UAR from direct support of Lebanese rebels.

JUNE 21

The following is an account of the trip of a Lebanese rebel into Syria for arms which is an experience typical of others.

The villager walked to a town (Dabbousi) on the Tripoli-Homs road just inside the Lebanese border where both Lebanese and Syrian transport was assembled. After having shown his Lebanese identity card and indicating which Lebanese rebel in Syria he wished to see, he was given a free bus ticket to his destination (Homs). Once arrived he was given hotel and food accommodations and then taken to arms depot where he was supplied with boots, gun and ammunition. He was told where and how to get more ammunition at Lebanese villages in his locale. Next day, he was sent back with a free bus ride to the border where he was taken over in groups of 20 and started back to his village.

Some of the rebels were complaining of the duration of the fight and were wondering about the machine which made them act.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. THURMOND. Mr. President, the decision on the escape clause provisions of the Trade Agreements Act which now faces the Senate is one of the most important of the session. The question is whether the Congress will accept a part of its constitutional responsibility to regulate foreign trade, or pass the responsibility to the President.

The responsibility is assigned to Congress in article I, section 8, of the Constitution:

The Congress shall have the power . . . to lay and collect taxes, duties, imposts, and excises—

And—

The Congress shall have power . . . to regulate commerce with foreign nations, and among the several States, and with Indian tribes.

I shall not take the time to trace the history of the Trade Agreements Act, by which the Congress handed the President what amounted to virtually full control over the tariff-fixing procedures. The story is well known to the Members of the Senate. I will, however, briefly describe the Senate Finance Committee's escape clause provision, and show how it differs from the change in escape clause procedure embodied in the bill as passed by the House of Representatives. In my opinion, once the provision is understood, reasonable men should have no objection to it.

The escape clause provision is, I believe, a strong step toward the goal of fairness to all. It is in harmony with the basic purpose of the Trade Agreements Act, which is directed toward the progressive elimination of those tariff barriers which are unnecessary and the stimulation of world trade. At the same time, the provision brings the Trade Agreements Act more nearly in harmony with the Constitution, and provides a small measure of the safeguards which import-affected domestic industries require if they are to continue to support the high standard of living of domestic workers.

I am sure that most of my colleagues are aware that I favor full and proper safeguards to protect our domestic industries, our war mobilization base, and the jobs of millions of working people and their families. It is my opinion that these safeguards can best be provided by a system of select legislative quotas. However, I am enough of a realist to know that legislative quotas cannot be enacted at this session of the Congress.

Therefore, I am supporting this entirely reasonable approach to the problem of continuing our trade program along the lines favored by a majority of the Congress while, at the same time, returning to Congress a portion of its constitutional responsibility and giving our domestic industries and their employees a fighting chance to survive.

The escape clause provision would require the President to obtain the support of a majority of both Houses of Congress before he could be sustained in his refusal to implement a Tariff Commission decision granting escape clause relief to a domestic industry.

The principle that the Congress should reassert some of its power to regulate foreign commerce was accepted by the House of Representatives. Unfortunately, the provision written into the bill by the House is a sham and a delusion. It accepts the principle that Congress should have a voice in tariff determinations, but it provides no realistic way for Congress to exercise its powers.

The House bill provides that Congress may override the President's veto of an escape-clause finding, but only by a two-thirds vote of both Houses. To pretend that this would bring any relief at all to an industry found by the Commission

to be injured by foreign imports or some aspect of our trade program would be to succumb to a sheer delusion. Representatives and Senators are only too well aware of the difficulty of obtaining a two-thirds vote in both Houses. To say that a small domestic industry with limited resources and few plants in few States—or, for that matter, any single American industry, no matter what its size—could obtain the necessary two-thirds majority vote in both Houses is ridiculous.

Let me point out another obvious absurdity in the House provision. Congress has the power, of course, to enact a law, at any time, setting a new tariff on any commodity. This is a constitutional power of Congress. Now it is proposed that Congress, having shunned its duty over a period of many years, vote itself the power to override a tariff decision by the President only by a two-thirds vote of both Houses. Yet Congress needs only a simple majority in both Houses to enact legislation altering the whole tariff structure. The House provision, designed to restore some voice to Congress in tariff decisions, actually proposes a further abdication of congressional power.

The opponents of the Senate Finance Committee escape-clause provision have said that it would be a difficult thing for the President to obtain the consent of Congress for refusing to implement a Tariff Commission finding. It has been said that this is a high-tariff provision, the enactment of which would result in a general increase in tariff rates. It is no such thing.

The history of the Tariff Commission's activities in administering the escape clause clearly shows that the Commission is quite strict. It does not recommend relief without a sound basis for doing so. Of the 87 applications for relief which have been filed with the Commission since 1951, only 30 cleared the Commission's hurdles and went to the White House with a recommendation for action. Of these 30 cases, no action has been taken in 3, and in 17 the President declined to implement the Tariff Commission findings.

These are the 17 cases which would have been reviewed by Congress if the escape clause provision had been in effect since 1951. Fewer than 3 cases a year, on the average, would have been subjected to congressional scrutiny.

These 17 cases involved the following industries: Garlic, watches, tobacco pipes and bowls, scissors and shears, groundfish fillets, lead and zinc, hand-made blown glassware, spring clothespins, screen-printed silk scarves, wood screws, acid-grade fluorspar, para-aminosalicylic acid, ferrocium lighter flints, velvet fabrics, straight pins, violins and violas.

These are the industries which would have worked for a favorable vote of Congress if this provision had been in effect when the President refused to implement the Tariff Commission's findings granting them relief. The prestige and influence of the administration would have been arrayed against them. In

the matter of winning congressional approval, is the White House overmatched in a contest with, for example, the manufacturers of spring clothespins? If the merits of the argument are equally divided, can the makers of American lighter flints outmaneuver the administration in the legislative halls?

I think not. This administration, or any administration, will have the advantage of great experience in the business of politics and the advantage of having its own partisans in both Houses of Congress. This is why I say that the administration, if its argument for refusing to grant relief has any merit to it at all, will certainly be sustained by the Congress.

Congress will refuse to sustain the administration whenever it finds that the administration's reasons for refusing to grant relief are specious, flimsy, or arbitrary.

Perhaps there are Members of Congress who feel that they do not wish to bear the burden of voting on 3 or 4 tariff cases per year. Those Members—if such there be—should reread article I, section 8 of the Constitution which plainly makes the regulation of foreign commerce and the question of tariffs a duty of Congress. I feel the Members of this body are willing to do the work required of them by the Constitution.

I have made the point that only a small percentage of the tariffs would ever be subject to congressional review, under the provision. It would be a fallacy to assume, because of this, that the provision is unimportant.

One great value, I believe, is that it will restore confidence to a great many workers and managers in American industries who, at the present time, see little chance of ever gaining relief from the increasing competition of foreign imports. It has become Federal policy to treat the import regulations solely as an instrument of foreign policy. We are using tariff concessions principally as bargaining material in our efforts to win friends abroad.

The policy is foolhardy. Military alliances bought with trade concessions are likely to collapse like a house of cards in times of stress, when nations put self-preservation foremost. I do not believe in this policy, and I would welcome legislation to eliminate the Department of State as a decisive force in making tariff decisions.

However, as I have pointed out, the escape-clause provision before the Senate is not that far reaching at all. It merely provides a court of last resort to which an injured industry may appeal when the President puts foreign policy considerations ahead of domestic welfare. Congress will have the opportunity to determine the proper priority in each case that comes before it.

Surely, there is no organ of government which is better qualified to review a tariff finding in the broad perspective of all governmental problems than is the Congress of the United States. I believe we can depend on Congress to act in the best interest of all America. It would be a sad commentary indeed if the Senate acts on the presumption that only the

President is qualified to determine what is best for the country from an overall standpoint. If such be true, the Congress has been guilty of no less than treason in enacting legislation over the veto of the President of the United States.

I reject such a conclusion as absurd. Industrial might is a vital part of a nation's war potential. In these difficult times, it is inviting disaster to drive industry out of this country and into foreign lands. Yet, that is what we are doing with many industries that would be invaluable to us in time of war.

In order to keep America strong, and to keep our workers on the job, it is essential that we give our import-affected industries at least a fighting chance to survive.

The Senate Finance Committee's escape clause provision offers that chance. Most importantly, the provision reverses the trend of constantly increasing the power of the executive branch of the Government at the expense of the legislative.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ERVIN in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNITED STATES INTERVENTION IN THE MIDDLE EAST

Mr. HUMPHREY. Mr. President, I have just come from the Committee on Foreign Relations where, for the past hour, the committee has been listening to the testimony of the Under Secretary of State, Hon. Christian Hexter, on the fateful decisions which have been taken by the Government during the past 48 hours. Those discussions will go on, I am sure, for some time. I shall comment briefly, not on what has transpired in the committee, but on some of my own observations as to where I believe we are heading in this grave international crisis.

The fateful decisions which have been taken during the past 48 hours, once taken, cannot be reconsidered or reversed easily or possibly at all. I am sure my colleagues realize that I have looked upon the decision of military intervention as one which was unwise. But, like my good friend and colleague, the distinguished junior Senator from Montana [Mr. MANSFIELD], I recognize also that the decision has been taken; and out of loyalty and patriotic duty I support the United States, even though I believe the decision to send forces to Lebanon was unwise and filled with dangers.

On all sides, among the leaders of the Government and in the public press, there is agreement that these decisions have been very difficult and, needless to say, are filled with risk.

On all sides there is some recognition of the truth of the statement that the situation in the Middle East had deteriorated to a point where we were faced with almost impossible alternatives.

Mr. President, on Monday of this week I spoke on that process of deterioration; today I repeat that that deterioration has not been accidental. It has occurred because of the failure of the Government of the United States to adopt policies which were commensurate with the needs of the area.

I desire to call the attention of my colleagues to the fact that on June 26 of this year, I spoke in the Senate on the crisis in Lebanon; on that occasion, in my role as chairman of the Subcommittee on the Middle East, Africa, and South Asia, of the Foreign Relations Committee, I made what I regarded as constructive suggestions. They were the result of consultation, conference, and hearings.

On Monday, I also referred to the adoption by the Senate of Senate Resolution 15, which had been submitted on January 7, 1957, by the Senator from Alabama [Mr. SPARKMAN], for himself, the Senator from Alabama [Mr. HILL], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Montana [Mr. MANSFIELD], the Senators from New Jersey [Mr. SMITH and Mr. CASE], the Senator from Wisconsin [Mr. WILEY], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Vermont [Mr. FLANDERS], the Senator from New York [Mr. JAVITS], and myself. That resolution called upon the Government of the United States to seek the establishment of a permanent United Nations police force.

Section 2 of the resolution, the operative section, provided that—

It is the sense of the Senate that—
(a) a force of a similar character—

The reference was to the United Nations emergency force which was referred to in the beginning of the resolution—

should be made a permanent arm of the United Nations:

(b) such a force should be composed of units made available by members of the United Nations: *Provided*, That no such units should be accepted from permanent members of the Security Council;

(c) consideration should be given to arrangements whereby individuals would be allowed to volunteer for service with such a force: *Provided*, That individuals who are nationals of permanent members of the Security Council should not be acceptable;

(d) equipment and expenses of such a force should be provided by the United Nations out of its regular budget.

Mr. President, I ask unanimous consent to have the entire resolution, together with the report on it, printed at this point in the RECORD.

There being no objection, the resolution (S. Res. 15) and the report (No. 613) were ordered to be printed in the RECORD, as follows:

Whereas the United Nations emergency force, created pursuant to resolutions of the United Nations General Assembly of November 3 and 4, 1956 (A/RES/391 and A/RES/394), has made an important con-

tribution to international peace and security in the Middle East; and

Whereas the need for such a force appears likely to continue; and

Whereas such a force could be an important instrument for the maintenance of international peace and security not only in the Middle East but also in other areas of the world: Therefore be it

Resolved, That the Senate welcomes the establishment of the United Nations emergency force.

Sec. 2. It is the sense of the Senate that—

(a) a force of a similar character should be made a permanent arm of the United Nations;

(b) such a force should be composed of units made available by members of the United Nations: *Provided*, That no such units should be accepted from permanent members of the Security Council;

(c) consideration should be given to arrangements whereby individuals would be allowed to volunteer for service with such a force: *Provided*, That individuals who are nationals of permanent members of the Security Council should not be acceptable;

(d) equipment and expenses of such a force should be provided by the United Nations out of its regular budget.

The Committee on Foreign Relations, having had under consideration Senate Resolution 15, favoring the establishment of a permanent United Nations force similar in character to the United Nations emergency force operating in the Middle East, reports it favorably, with amendments, and recommends that it do pass.

1. PURPOSE OF THE RESOLUTION

The purpose of the resolution is to express the sense of the Senate that a force similar in character to the United Nations emergency force created pursuant to resolutions of the United Nations General Assembly of November 3 and 4, 1956, now operating in the Middle East, should be made a permanent arm of the United Nations.

2. COMMITTEE ACTION

Senate Resolution 15 was submitted on January 5, 1957, by Mr. SPARKMAN (for himself, for Mr. HILL, Mr. HUMPHREY, Mr. KEFAUVER, and Mr. MANSFIELD) and was referred to the Committee on Foreign Relations. The committee considered the resolution on July 9, 1957, in executive session, together with Senate Concurrent Resolution 29, having a similar purpose. In view of the similarity of purpose of Senate Resolution 15 and Senate Concurrent Resolution 29, the committee decided to invite those sponsors of Senate Concurrent Resolution 29 who were not also sponsors of Senate Resolution 15 to join in sponsorship of Senate Resolution 15 as reported by the committee, if they so desired. The committee decided to recommend Senate Resolution 15 favorably to the Senate, with several clarifying amendments.

3. CONSIDERATIONS TAKEN INTO ACCOUNT

The Committee on Foreign Relations believes that the success of the United Nations emergency force in helping to keep peace in the Middle East provides substantial reason for giving urgent attention to means for strengthening the capacity of the United Nations to deal effectively with threats to peace.

The committee has not made an exhaustive study of the many problems connected with the establishment of a United Nations force. The resolution does state several principles which the committee believes to be important but these criteria are not intended to be exhaustive. The resolution provides that any permanent United Nations force should not have units from permanent members of the United Nations Security Council and recommends the same principle with respect to individual volunteers. The resolution also provides that equipment and expenses should

be provided by the United Nations out of its regular budget.

The committee recognizes that there are many other problems to be considered: The problem of how such a force would be controlled, the technical military problems involved and the question of the kinds of situations in which a United Nations force is likely to be most useful. The main objective of the committee in recommending the adoption of the resolution is to underline the urgency of continuing to work on the problem of devising a military-type force which will be helpful in achieving the objectives to which members of the United Nations have subscribed.

The committee had before it the comments of the Department of State upon Senate Resolution 15 as it was introduced. The Department favored the objectives of the resolution but suggested amendments designed to make clear that consideration should be given to creation of a force similar in character to the United Nations Middle East force rather than that the United Nations emergency force in the Middle East, as presently established should, with all its limitations, be made permanent. The committee adopted such clarifying amendments.

4. CONCLUSIONS

The Committee on Foreign Relations recommends that the Senate approve Senate Resolution 15.

Mr. HUMPHREY. Mr. President, I emphasize that particular action by the Senate, because it was another case in which the Senate by unanimous vote forcefully recommended to the administration certain action as a part of United States policy. As my colleagues will recall, that was done just prior to the adoption of the Middle East resolution. It was done with the knowledge that many foreign-policy matters relative to the Middle East should be conducted through the United Nations.

I repeat that we could make no greater mistake than to have the United States alone become the policeman of the world. If police power is to be exercised in the world, it should be exercised by a community of nations—the United Nations. Certainly in the Middle East, where there are at work historic hatreds, bitternesses, tensions, and political, social, and economic revolutions, it is most important to have programs and policies which are designed within the framework of the United Nations and are carried out under the auspices of the United Nations.

But I respectfully state, Mr. President, that the United States has failed to do anything about that matter. Our country continues to operate on the basis of bilateral arrangements; our actions and policies cast us in the historic pattern of the British and the French, who themselves finally failed in the Middle East in their relations with the Arabic and other Middle Eastern countries.

Of course, all this is postscript; it is history; because a new situation has developed. We are now faced with the climax of a situation which has been developing over a long period of time.

Mr. President, I submit that when we come to such critical moments in our history, it is time to make some agonizing reappraisals and to do some soul-searching in terms of constructive policies for the future. There will be another session of the United Nations; and

we should have clearly in mind our ideas and policies as to our future course.

In the existing situation the President has chosen to do what seems to him, on the basis of his information, the least impossible of alternatives. But no one seems to be happy about the landing of our marines in Lebanon.

In fact, I hold in my hand a copy of a dispatch which has come today from the United Nations. It reads as follows:

The President of the Lebanese Chamber of Deputies protested to the United Nations Security Council and the United States Government today against the landing of American marines in Lebanon. The Lebanese official, Adel Aseeran, called the United States' action a threat to peace in the Middle East, and demanded immediate withdrawal of the marines. He disputed the right of President Camille Chamoun to ask for the United States forces.

Mr. President, another dispatch which has come today from New York reads as follows:

Secretary General Dag Hammarskjöld said today that the United Nations watchdog team now in Lebanon can do the job of stopping outside aid to Lebanese rebels.

United Nations diplomats interpreted his statement as a move to put the skids under a United States proposal for an international military force to stabilize the strife-torn Middle East country.

So, as I have said, few seem to be happy about the landing of our marines in Lebanon. I am sure the President of the United States is not happy about it. I sympathize with him in this hour of grave crisis and terrible decision. I do not seek to harass or unduly criticize. But I believe it important that we consider this matter in a restrained and responsible way.

Everyone agrees that the decision to dispatch our forces to Lebanon was a calculated risk. It is difficult for anyone who is not privy to the President's office and to the information he has available to him to state flatly that the President's decision was wrong. Under these circumstances, some persuasive and authoritative voices have suggested that silence and national unity should be the themes of the hour.

I understand the importance of unity. I know it is important when our country is in trouble. But, Mr. President, unity is not necessarily unanimity. Unity comes about when men of good will and of responsible attitudes and manner seek to work out decisions based upon consultation, conference, and sometimes, indeed, compromise.

Yes, Mr. President, I understand the importance of unity; but I am not convinced that this is a time to seal one's lips or to be silent, when, indeed, people all over the world are looking to the United States and are wondering what the United States is up to and what its purposes are.

I have heard some say, "After all, didn't we dispatch our forces to Korea? Is not this the same?" In fact, some persons have tried to indicate that there is great similarity between the Korean war situation and what is occurring today in the Middle East.

Mr. President, I submit that there is very little or no similarity. In the case

Mr. MORSE. Mr. President, I thank the Senator from Colorado for yielding to me.

STATEHOOD FOR HAWAII

Mr. ALLOTT. Mr. President, first, I thank the distinguished junior Senator from Minnesota for his never failing courtesy in yielding to me. I know that he has not completed his own statement. Therefore, I appreciate his yielding to enable me to make this short statement on Hawaiian statehood.

Mr. President, the day of adjournment is fast approaching, and there is still no indication that we will be permitted to act upon the Hawaiian statehood bill, S. 50. I am sure the great majority of my colleagues are keenly aware of our promises to act favorably on this measure, and I am equally sure they are anxious to do so.

We are now under even closer scrutiny by the people of the United States since that historic day, June 30, 1958, when this body voted overwhelmingly to admit Alaska into the Union. It is inconceivable that this august body should postpone action on Hawaiian statehood beyond this session of Congress. Such delay would be completely contrary to the will of the American people. And, Mr. President, are we not here to represent the interests and wishes of the American people?

Action on this bill is the solemn obligation of us all. I know I speak for a majority of my colleagues on this side of the aisle when I say that we are bending every effort to realize that obligation. But more than this, the importance of Hawaiian statehood transcends partisan politics. I ask my friends on the other side of the aisle to press forward with us and bring this bill to the floor.

I have considered this problem from every angle, and I cannot, Mr. President, find any good reason why Congress should vacillate any longer. The merits of Hawaiian statehood have been recorded voluminously. Since 1935, a total of 20 congressional investigations have been held by House and Senate committees. A total of 6,352 pages of official testimony in hearings and reports have been compiled. Debates in both Houses have ensued intermittently. The record is complete and the time to act is now.

This body has acted on so-called controversial issues before; and we have acted with dispatch and efficiency on many of these issues. Only last week, for example, we passed the minerals bill after only 1½ days of debate. This is an indication of what can be done by the United States Senate when its Members are determined to accomplish a definite end.

There is no question in my mind that when the Hawaiian statehood bill is brought to the floor, debate will be brief and the vote overwhelmingly favorable. The opponents of Hawaiian statehood are, for the most part, the same who opposed Alaskan statehood. They know, from their experience with Alaskan statehood, that the voice of this body spoke loudly and clearly, not only for

Alaskan statehood, but for Hawaiian statehood as well. Will we perpetrate an unconscionable delay?

Members of this body who outspokenly favor Hawaiian statehood certainly must not be content with mere lip service at a time like this. Let us here test the sincerity of our party platforms. Let us find whether we are willing to stand here and vote for the Hawaiian statehood pledge which both our parties gave in 1956.

Mr. President, many of my colleagues and I intend to do everything within our means to bring the Hawaiian statehood bill to the floor of the Senate before Congress adjourns.

Mr. President, in connection with this very vital issue, I call upon my colleagues to read an editorial entitled "Give Hawaii Her Chance," written by C. W. Snedden, publisher of the Fairbanks (Alaska) Daily News-Miner. I believe every Member of the Senate should read it. As a man who worked tirelessly for Alaskan statehood, his is a unique viewpoint on the statehood of Hawaii. I ask unanimous consent that his stirring editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

GIVE HAWAII HER CHANCE

Now that Alaska has won approval of Congress for early admission to the Union, no good reason exists why Hawaii should not speedily be brought in as the 50th State.

Whether the task can be accomplished in the time left in this Congress is a question which can be answered only by reference to the realities of politics. Hawaiians know, as well as Alaskans, how very difficult it is "to get all one's ducks lined up in a row" so things will go right.

All of the arguments against admission of Hawaii collapsed when the Alaska bill passed the Senate.

Hawaii is now just 26 seconds away from Washington by telephone (that's the time it usually takes to get a call through—and the signal is perfect).

Hawaii is well able to support the costs of statehood. Her population is approaching three times that of Alaska.

More than 80 percent of her sugar and pineapple executives, all of her public utilities, all transportation companies (air, sea, and ground), the majority of bankers and small-business men, all of her newspapers, radio, and TV stations, and the great bulk of Hawaii's population is definitely for statehood now. That is a matter of public record.

If the bugaboo of communism, which Hawaii statehood enemies try consistently to inject into the picture in an effort to defeat statehood, were as serious as they would have the Members of Congress believe, why would these same business interests, whose "all" is invested in the islands, be so ardently for statehood?

Hawaii has been investigated by 23 congressional committees. There isn't an angle of her life that isn't covered by reams of printed testimony. There isn't a single qualification for being granted statehood, such as has been required of other territories before being admitted as States, which Hawaii has not met or exceeded. That goes for an unequalled war record in World War I, II, and the Korean war, in buying bonds, in paying taxes, in health, education, and local government.

Geographically, Hawaii will always be the crossroads of the Pacific, where East meets West, where racial understanding, friend-

ship and harmony contribute so much to our national welfare, particularly among those whose good will we need and want in the Far East.

Both political parties, in Hawaii and nationally, have repeatedly endorsed Hawaii for immediate statehood. They do so right now. President Eisenhower has asked the Congress for favorable action five times. Opinion polls of the American people, oft repeated, favor the move. So does the great majority of the American press—so do the majority of the Members of both houses of Congress.

Yet, in spite of all this support, Hawaii's big problem is, as Alaska's was, to get the question of statehood before the House and the Senate for a vote in the same session. Political finagling has always blocked this from happening in the past.

When Alaska's Senators and Representative get into Congress next session there is no doubt but that they will support Hawaii's bid.

It has been said that Hawaii really deserves statehood more than does Alaska—because of the island Territory's excellent record of development of industry and a uniquely happy civilization which has much to contribute to the Nation.

Mr. ALLOTT. Mr. President, I ask unanimous consent also to have printed at this point in the RECORD an article entitled "How Bender Sold Alaska to Congress," written by Alvin Silverman, and published in the Cleveland Plain Dealer of July 13, 1958; and an article written by Clyde Mann, and published in the Akron Beacon Journal of July 13, 1958. Both articles relate to the part which former Senator Bender, of Ohio, played in the admission of Alaska to statehood.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Cleveland (Ohio) Plain Dealer of July 13, 1958]

HOW BENDER SOLD ALASKA TO CONGRESS (By Alvin Silverman)

WASHINGTON, July 12.—History is studded with the names of individuals such as Amerigo Vespucci and Francis Hopkinson who never received the acclaim of posterity for their accomplishments or, worse yet, had the credit go to someone else.

It would appear that history is about to repeat itself in the case of Alaska's admittance as the 49th of the United States.

Even before the formalities have been completed, several persons are being hailed as the man most responsible for Alaska having been granted statehood.

There is E. L. (BOB) BARTLETT, Alaska's Delegate in the House of Representatives since 1945. There are former Gov. Ernest Gruening and William A. Egan, chairman of the constitutional convention, and Congressman Ralph J. Rivers.

High on the list, youthful Gov. Mike Stepovich, an Eisenhower appointee. In recent days, more and more credit is being given to Secretary of the Interior Fred A. Seaton.

Without question all these men contributed a great deal to Alaska's victory. But not 1 of them—indeed, not 2 or 3 of them combined—contributed any more to the decision than did an individual whose name you never hear mentioned in connection with Alaska's entry into the Union.

And who is this forgotten man? None other than your old Ohio buddy, George H. Bender.

HAS STRENGTH, TOO

Unlike you or me, Georgie Boy has his faults and limitations. His weaknesses, however, do not include lack of friends. Bender

has more friends on Capitol Hill than you can shake a filibuster at.

In the more-than-20 years that he has worked and lived in Washington, he has developed close personal relationships with Senators and Representatives of both Parties. He plays poker weekly (but not weakly) with a number of the top congressional leaders. When they were freshmen, he gave advice and assistance to Congressmen who today are ranking Members.

These friends have needed Bender a lot in the last year, most of which he spent as a special assistant to Interior Secretary Seaton. They kidded him for spending all his time promoting Alaska and Hawaii and other Territories and possessions. They joked about him working when he held a political sinecure.

Bender, though, is a fellow who doesn't understand how not to work. What he does may not always meet popular approval, but indolent he isn't. In fact, the real reason he recently resigned his Interior post was that he felt he was not being given enough to do.

Nor is Georgie Boy one to take any assignment or any promise lightly. As he understood it, his assignment was to sell Alaska to Congress because the Eisenhower administration, both in the party platform and in the President's speeches, had promised to work for Alaskan statehood. As a matter of fact, so had the Democratic national platform.

PLOTS CAMPAIGN

Last fall Bender went to Alaska and delivered a number of speeches to the residents there. The subject: How they should work for statehood. He told them how to behave politically. He told them which Members of Congress should be swamped with mail and which should be laid off. In effect, he plotted a campaign for them.

Then, personally, he wrote from Alaska to every Member of Congress, telling them what a wonderful Territory it was, what splendid people lived there, and how it now was ready for statehood. Above all else, he stressed the platform pledges the Congressmen had promised to support.

Back in Washington, as statehood became a stronger possibility, Bender buttonholed legislators in the corridors, at luncheon tables, in committee rooms. When he saw them socially, he preached the doctrine of Alaska. He would stop dealing a hand of cards to get in a remark about Alaska.

Once in a while he would encounter a Congressman who saw no particular reason to vote for Alaska or, perhaps, opposed it. Bender's approach immediately changed. He would ask for a supporting vote "as a personal favor to me, to help me in my job." Quite a few, including an influential Democrat, acquiesced solely on a friendship basis.

It is, of course, not fair to conclude that George H. Bender got Alaska into the Union. But it is fair to say that, without his efforts, the 49th State might not have made it at this time. And it is fair to say that no individual was more responsible for Congress' action than the ex-Senator from Chagrin Falls.

[From the Akron (Ohio) Beacon Journal of July 13, 1958]

(By Clyde Mann)

The late Bob Taft was asked once why he had George Bender working in his presidential campaign. Taft replied Bender puts his heart and soul into everything he does.

Bender put his heart and soul in Taft's campaign for the GOP presidential nomination and, with the aid of a cowbell and his big powerful bass voice, stirred up the delegates at the convention.

Later, when trounced for United States Senator by Frank Lausche, George was given a job by the Eisenhower administration to promote Alaska and Hawaii into the Union.

Bender went to work. He organized the Alaskans and Hawaiians to write letters to voters in the United States.

He wrote a series of letters to every Member of Congress, urging them to vote for the statehood bills. He made hundreds of speeches in which he appealed to his audiences to write to their Congressmen and Senators.

The Hawaiian bill got snagged in political red tape. But the Alaskans were admitted. Secretary of Interior Fred Seaton said Bender, as much as anyone else, played the important part in getting the Alaskan bill passed.

Many took the credit. Not a single word was written out of Washington, however, that George Bender, former Ohio Senator, had even played a secondary role in the Alaskan affair.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. WILLIAMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HUMPHREY in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ALLOTT in the chair). Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, the Senate is faced with a major challenge in the effort to promote a free and healthy world economy.

The Senate is now considering a proposal to extend the Trade Agreements Act. But the bill the committee has recommended has been riddled with so many protectionist devices that it is now a pitifully weak instrument of our domestic and foreign economic policy. In fact, as was pointed out in the Senate last Thursday, and again today, by the distinguished senior Senator from Illinois [Mr. DOUGLAS], passage of this bill in its present form would endanger the whole idea of reciprocal trade, to which this nation has been committed, and from which we have received such great benefits for twenty-five years.

I hope Congress will extend the Trade Agreements Act; but in the process of doing so, I hope Congress will strengthen it, not weaken it. In other words, I support the President's proposal in the field of reciprocal trade. The committee amendments would, in my opinion, make the act an ineffective instrument of foreign economic policy. We should extend the act in such a form that it will be an effective device and a ringing declaration of our commitment to expand trade opportunities for our own industries and workers and those of other free countries.

Foreign policy, as I have repeatedly emphasized, must be carried on simultaneously on many fronts. Ours cannot be a military campaign alone, or a propaganda campaign, or even these two,

together, with a campaign of economic and technical assistance through grants and loans. We are under dire compulsion to find a way increasingly to encourage the development of all non-Communist countries, including our own, through the operation of natural economic processes—principally trade. The expansion of world trade is at least as essential as any of the other steps we have taken to insure our strength, as compared to that of the Soviets.

Many of us have felt that a thorough rethinking and extensive additional action are needed if the problems of world economic growth are to be dealt with adequately. Our present international programs are but a patchwork. This is because they have been individually devised to meet particular crises, and because they have been revised from time to time in the face of other considerations not necessarily relevant to foreign policy.

A study of the requirements for a coordinated international economic policy, with the purpose of making some concrete suggestions for meeting them, has now been made. I refer to the study of the Rockefeller Bros. Fund called foreign economic policy for the 20th century. This study provides much of the background we need if we are to develop a sound, coherent foreign economic policy which relates aids, grants, loans, technical assistance, and trade.

But, Mr. President, obviously we shall not obtain from this administration a broad-gage all-inclusive program. Instead, we must deal with individual aspects of foreign policy as they come before us. Thus, we are here considering only one facet, although an integral one, of our whole foreign economic policy.

ROLE OF FOREIGN TRADE

The role of foreign trade in foreign policy seems obvious. But we do not find among the public or in Congress an increased understanding of the importance of foreign trade or a readiness to liberalize our own trade barriers in return for equal consideration from other countries.

Instead, this year we see the reciprocal trade program in more trouble than it has even before in since it was born in 1934. Earlier in the year we heard that the administration would be lucky if the Congress made a minor extension of the existing law, with no liberalization, or even with new restrictions on the President's tariff-cutting powers.

Luckily, disaster was staved off in the House. The House of Representatives, by means of the crucial vote on the so-called Simpson substitute, rejected that protectionist measure by approximately a 5-to-3 ratio. This was welcome news to those who are concerned with the overall problem of the maintenance of a viable, free world economy.

But the victory was achieved at a price—the price of compromises made before the fight by the administration began.

The bill as passed by the House contained provisions which amounted to serious retreats from the principle of reciprocal trade. I refer to the language

which would broaden the provisions in regard to the escape-clause actions required to be commenced by the Tariff Commission; the language which would broaden the provisions in regard to the right to file escape-clause actions; the language which would reduce the time for escape-clause investigations; the provisions doubling the existing rate-increase authority of the President under the escape clause; the provisions which would subject duty-free items to the list of items on which the President may impose a duty; and the provision of new authority to enable Congress to override Presidential decisions not to take escape-clause action.

Those provisions in the bill as passed by the House were serious enough, but they were included as part of the price which had to be paid for a 5-year extension of the Trade Agreements Act.

The Senate committee has now, in my opinion, mortally wounded the reciprocal trade program. It will be a program in name only if the Senate committee bill is enacted into law. The reduction from 5 years to 3, the opening of the flood gates for all important industries to qualify under the national-security clause, the provision that the President may raise tariff rates to 50 percent above the Smoot-Hawley level, and the unconscionable amendment requiring an affirmative vote of both Houses in order to defeat a Tariff Commission recommendation, constitute a crushing blow to the best interests of the Nation's economy and to the economy of all the rest of the free world.

Now the enemies of trade, those who would stifle huge segments of our economy, in the mistaken belief that such action would aid a particular locality or industry, hope to weaken the bill further.

ENEMIES OF TRADE

The dangers confronting the Reciprocal Trade Agreements Act have been building up for a long time. For more than a decade, protectionist sentiment in the United States has been rising. While the Nation has come to accept its international political role in the world, there has been a gradual retreat to isolationism in the economic realm.

This is no accident. Many men have been hard at work for a long time to destroy the Reciprocal Trade Agreements Act. They are the lobbyists for the high-tariff interests. They would like to ring this country with tariff walls higher than the ones that cut us off from the rest of the world until 1934, when Cordell Hull succeeded in having the Reciprocal Trade Agreements Act passed.

The high-tariff lobbyists are busy not only in Washington; they are active all across the United States. They know that the surest way to a Congressman's heart is through the people in his home district. Wherever an industry is in trouble and must lay off some of its employees, the high tariff lobby is there. Its message is convincing in its simplicity: low-cost foreign labor threatens the jobs of American workers. The solution the high-tariff lobby urges is equally simple: raise tariffs. This simplistic explanation for all economic ills has been spread about for so long that it has al-

most taken on the dignity of a national myth.

Woodrow Wilson, during his first term, felt it necessary to issue the following warning to the country:

I think the public ought to know the extraordinary exertions being made by the lobby in Washington to gain recognition for certain alterations in the tariff bill. Washington has seldom seen so numerous, so industrious, and so insidious a lobby. The newspapers are being filled with paid advertisements calculated to mislead not only the judgment of public men, but also the public opinion of the country itself. There is every evidence that money without limit is being spent to sustain this lobby, and to create an appearance of a pressure of opinion antagonistic to some of the chief items of the tariff bill. It is of serious interest to the country that the people at large should have no lobby and be voiceless in these matters, while great bodies of astute men seek to create an artificial opinion and overcome the interests of the public for their private profit. It is thoroughly worth the while of the people of this country to take knowledge of this matter. Only public opinion can check and destroy it.

Thus Woodrow Wilson spoke more than 40 years ago. His words are equally fitting today. The special-interest lobbies are riding high; and the more general interest of the public is suffering.

We in Congress are wise to the ways of lobbies; we know when to discount hundreds of letters, all with nearly the same wording, inspired by a pressure group. But when a lobby molds public opinion for many years, as the high-tariff lobby has done, it becomes difficult for a Member of Congress to resist the kind of pressure that results. Much of my mail, not obviously inspired, shows a genuine belief that unemployment in my State is caused by the lowering of tariffs. I know that many factors, other than competition from imports, are causing the economic distress. But I also know that if I ignore the pleas of the people I represent, I may one day cease to represent them.

This steady pressure on Congress has resulted in recent years in a series of amendments to the Reciprocal Trade Agreements Act: The escape clause, the peril-point provision, and the national security amendment. This year the Finance Committee proposes to broaden the national-security clause and to make Tariff Commission recommendations for all purposes final. We have before us amendments to make rigid import quotas mandatory. Such provisions would change the true purpose of the act. Any tariff that has been lowered under a reciprocal-trade agreement is in danger of being raised again if the escape clause or any other of these protectionist devices is invoked.

The psychological effect is all important. United States trade agreements can no longer be relied upon. A businessman in another country is increasingly wary about exporting to the United States. He must invest in new packaging for his product, in advertising, and in sales representatives in this country. As soon as his product begins to sell successfully—boom—the escape clause can be invoked and the tariff can be raised against him. Even if the escape clause

is not invoked, the mere existence of these protectionist devices is enough to discourage imports by businessmen in other countries. The result is anything but reciprocal trade.

The question is, where does the true national interest of the American people lie? Is it simply, as the tariff lobby would have us believe, in shutting out low-cost foreign products, so that American workers will not lose their jobs?

SOVIET ECONOMIC CHALLENGE

First, an almost overwhelming consideration—which the tariff lobby ignores—is the present Communist economic offensive. Since the ICBM and sputnik, we are in danger of fixing all our attention on the competition in armaments. However, the Russians are not relying solely on military weapons. They are aware that all-out war could mean the destruction of themselves, as well as the rest of the world. As far back as 1952, their strategy for spreading communism shifted from military aggression to an economic and diplomatic offensive. It was Stalin himself who proclaimed the new economic warfare as the means whereby communism would eventually dominate the world.

Each year since then the Russian Communists' economic offensive has been stepped up. The Communists are concentrating on countries whose people yearn to rise out of the poverty that has always afflicted them. These nations sorely need investment capital if they are to industrialize. The Soviet and Chinese Communists are extending credit to them on terms we have not been able to match. Such nations need technical assistance. The Soviet Union, with its great output of highly educated scientists and engineers, now has surplus technicians available for export to backward countries which do not always trust the United States and the countries of Western Europe because of racial discrimination and the legacy of colonialism.

The aspirations of these newly independent countries are probably greater than their capabilities for industrialization. No matter how much help they receive from the free nations and from the Communist bloc, some of them probably will not be able to achieve a continually rising standard of living. Their populations are increasing at terrific rates. The yearning of their people for economic betterment feeds upon the example before their eyes of the industrially advanced countries of the West. Yet many of them are now at a less advanced stage than the countries of Western Europe were before the industrial revolution began. For their present moderate, prodemocratic leaders, failure to satisfy the desires of their people will lead to political catastrophe. In that event, more extreme leaders, often friendly to communism, or even outright Communists, would take over.

The leaders of the Communist bloc are alert to all this, and have been shrewdly playing upon the situation. Listen to the words of a Soviet spokesman at the Asian-African conference held recently in Cairo:

Tell us what you need. We are ready to help you as brothers help brothers, without

any interest whatever. Our only condition is extension of aid with no conditions at all. We don't ask you to participate in any blocs, reshuffle your governments, or change your foreign policy. We can build industries for you, hospitals, schools, research institutes. We will send specialists to you, or you can send technicians to us. Do what is better for you. Tell us what you need.

That all this is offered "without any interest whatever" is put in doubt, however, when the rest of the Soviet spokesman's address is considered. He characterized capitalism as "worldwide oppression, consisting of a few robbers and their victims—the vast majority of the world's populations." Then he went on to tell the delegates at the Asian-African conference that their countries should nationalize and should expropriate the industries and other enterprises of the "capitalist-imperialist-colonizers," as Egypt did with the Suez Canal and as the mobs did in Indonesia. To do so, of course, would create chaos and would deprive those countries of investment capital and technical assistance from any source other than the Communist bloc. This is exactly what the Communists want, in connection with their desire to subvert the countries in southeast Asia and the Middle East.

Trade has been a primary weapon in the arsenal of this Communist economic offensive. Trade missions from the Soviet Union, Communist China, and the satellite countries have been busy, especially in the uncommitted countries of Asia and the Middle East. The number of trade agreements negotiated between the Communist bloc and other countries has more than doubled since 1953. The ultimate Communist goal is complete subversion of these countries. But, short of that, the Communists would be happy if they could reorient the trade of many nations to their own Communist bloc. An example of the economic effects which such reorientation of trade can have on western nations was provided at the time of the Suez crisis. The shortage of oil from the Middle East threatened the industries and transportation systems of Western Europe. The report of the Commission on the Nation's Natural Resources gave us warning that the United States would be equally vulnerable if our sources of strategic raw materials should be cut off.

Yet while the Soviet, Chinese, Czech, and East German trade delegations have been out negotiating trade agreements, our own trade negotiations with other nations have become increasingly hamstrung by the protectionist amendments added to the Reciprocal Trade Agreements Act. Instead of assuring other nations that our trade policy is a steady, consistent, one they can rely upon, the escape-clause, peril-point, national-security, and quota provisions suggested to be added to the Reciprocal Trade Act have made our trade policy more and more unreliable. At the very time the Communists are stepping up their use of trade as a weapon against us in the cold war, we are in danger of destroying our own most effective instrument for promoting trade among the free nations of the world. What is needed is a kind

of economic sputnik that would alert the American people to the danger of losing the trade race.

FREE-WORLD ECONOMIC HEALTH

A second consideration concerns the importance of trade for the continued economic and political well-being of the whole free world. Nearly every nation in the non-Communist world—with few exceptions—needs to buy more products from the United States than we need to buy from them. This is economically unhealthy. Obviously, if other countries cannot sell goods to earn dollars with which to purchase United States goods, one of the following must result:

First. We must loan or give them the dollars they must have to buy from us. Oddly enough, often the same people who urge high tariffs also oppose foreign aid, which is in part made necessary by tariff barriers.

Second. The countries who must buy from us, but cannot sell as much to us, are caught in an inflationary situation. The current French financial crisis grew from paying out more for imports than could be earned by selling exports. Unless measures are taken to prevent such financial crises from deepening, political chaos results. Usually the corrective measures are injurious to trade with other countries, including the United States. Almost always such crises injure our allies and weaken the strength of the free world. The trade and tariff wars that raged before the trade-agreements program came into being helped bring on the economic disasters of the 1920's and 1930's.

Third. Other nations are faced with the alternative of trading with the Communist bloc or developing arrangements among themselves. Such arrangements are beneficial to them, but tend, ultimately, to exclude the United States from trade with its regular markets. The nations of Europe have had to resort to both alternatives in recent years. Their exports to Communist countries have increased considerably since 1951. In addition, six European nations have entered into a common market, and others are considering the establishment of a free-trade area. Both arrangements have the primary purpose of promoting trade among the nations of Europe. At the same time, however, the common market will establish a common tariff on goods entering the area from other nations. The authority will be able to lower tariffs within the common market by 30 percent. This is the reason President Eisenhower asked a 5-year extension of the Reciprocal Trade Agreements Act and authority to reduce tariffs by a total of 25 percent over this period. The common tariff will become effective during 1962. Unless the President has the authority to negotiate reductions in tariffs, the common market tariff will tend to exclude United States products. Apart from the economic consequences, such divisive trade policies lead to a breakdown of the alliances we have with other nations providing mutual security against Communist aggression.

What is not usually fully appreciated in the United States is the importance

to other countries of the products they sell to us. Our productive size is simply enormous compared to most other nations of the world. We are a veritable economic giant. Other nations must sometimes feel we are a blind giant, stumbling about the world and crushing them economically.

As one who has long been interested in the reciprocal-trade program, I have from time to time initiated and engaged in studies of the impact of foreign trade on the State of Minnesota. Consequently I was particularly interested to receive some new material just released by the Department of Commerce entitled "Foreign Trade Impact Study—State of Minnesota."

While I had no role in the preparation of this particular study and cannot take responsibility for its conclusions, nevertheless, I think it is of considerable interest, not only to Minnesotans but to the country at large.

Therefore, I ask unanimous consent that a summary of the study be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. HUMPHREY. Mr. President, every time the escape clause is invoked, some nation or a number of nations suffer. During the past few months there have been escape clause actions resulting in the raising of tariffs on such items as clothes pins and safety pins. Probably few of us in the United States even noticed this in our newspapers. But for the nations that export these products to us, the consequences for their economies can be disastrous. Nations that have been affected by such actions in recent years include friends of ours—Norway, Denmark, Switzerland—whose economies are nowhere near the size of ours and who depend greatly on trade. The complaint in this country is that imports threaten some industry or other.

Imagine our reaction if, at the whim of another country, our entire economy was threatened. This is exactly what we may do when we invoke the escape clause against the exports of single-product countries. Little wonder there is resentment and the United States begins to lose its friends.

TRADE: A TWO-WAY STREET

A third consideration, which the tariff lobby always carefully fails to mention, is the importance of trade to American industry, American workers, and the American consumer. To listen to the tariff lobby, trade is a one-way street—there are low-cost imports flooding the American market, nothing more. Reciprocity is a misnomer, its enemies assert. But the United States not only imports; we export as well. In fact, our exports far exceed our imports. Last year's exports are reported to total more than \$20 billion, while imports were slightly more than \$13 billion.

It is surprising how little this is understood in the United States. Quite clearly, since the United States exports more than it imports, there are more workers employed producing products for export than could possibly be affected by im-

ports. At least 4½ million Americans earn their living from foreign trade. Of these, 3.1 million produce goods for export, and another 1.3 million are handling and processing imported goods. It has been estimated that no more than 150,000 workers could be affected by totally unrestricted imports, and many more would find new employment through further expansion of trade. Yet, one never hears the cry go up, "Lower tariffs. High tariffs are hurting American business and throwing American workers out of work."

This is a measure of the success the high tariff lobby has had in spreading its too-simple explanation about trade and tariffs. Far more workers would be affected by the cutback in exports that increased tariffs bring. If this were understood, I am firmly convinced, Mr. President, workers in industries whose products are sold abroad would be writing their Senators in support of reciprocal trade.

Other nations want to buy more from us than they presently can. When we get them to agree with us to lower tariffs, reciprocally, they can sell more to us, and in turn buy more of those goods from us they need and would like to buy. The increased trade means that United States production increases and our whole standard of living is raised. In addition, the American consumer gets to buy, at a reasonable price, imported goods that we can now only buy with the heavy duty tacked on. Even for those who are oblivious to the Communist economic offensive or unconcerned about the well-being of our allies and alliances, there are sufficient reasons of more immediate self-interest for supporting reciprocal trade.

The benefits to the entire Nation's standard of living would be so great from a reduction of tariffs, in fact, that the most advantageous policy the United States could adopt would be the elimination of almost all tariffs, unilaterally. This is being advocated by those who understand America's most favored trading position in the world. Less industrially advanced countries must have tariff protection, just as we did when our industries were struggling to get their footing.

This is no longer the case for the United States. Our productivity far outstrips that of any other nation of the world. We are now in a position much like that of England at the height of her commercial power in the 19th century. Then, she did away with all tariffs. The United States would gain greatly in increased trade and the more rapid growth of our economy if we were to eliminate completely our tariff barriers.

Instead, we have become, and are becoming increasingly, protectionist. At the same time we urge a lowering of tariffs in other nations less favored in trade than ourselves. This is sheer folly and utter nonsense. Other nations of the free world can only despair and lose confidence in the United States as a responsible world leader when confronted with such contradictory words and deeds.

A rational trade policy for the United States would indeed be the nearly complete elimination of tariffs. Anyone faced with the battle now looming here in the Senate on reciprocal trade, though, must be concerned not so much with what should be done as with what is politically possible. I do not, therefore, Mr. President, urge radical advances in our trade policy. But certainly we cannot go on and on weakening the Trade Agreements Act at each extension. At this rate, it will not be long before the reciprocal trade is swept away altogether.

Our responsibility here at this time is clear. It is to reverse this tide of shortsighted protectionism that seems about to engulf the Nation. We must reverse the 8-to-7 vote of the committee by which they recommended removal of Presidential authority to consider the national interest in ruling on escape-clause proceedings. The Tariff Commission itself recognizes that it can consider only the narrowest evidence in its recommendations.

We must restore the 5-year extension and the authority to cut tariffs 25 percent, as passed by the House. This is the only way that the President can bargain a favorable position for us from the European common market.

The President has clearly proved the need for these provisions. The responsible leadership of the Senate has recognized the urgency of meaningful extension of true reciprocal trade. We cannot afford to let short-term, narrow interests dictate our action on this matter so vital to our long-term national interests.

TRADE ADJUSTMENT

In dealing with this problem it is necessary to recognize that trade and tariffs present real problems for many Members of Congress. Even some who realize the wisdom of reducing tariffs are often under such pressure from constituents that they must support protectionist amendments. What his constituents think to be true may be as much a political fact of life for a Senator as what he knows to be true.

For him especially, as well as for the Nation, there is an alternative. The choice is not simply the perennial one between free trade and protectionism. A Member of Congress does not have to vote either to raise tariffs, thus endangering the free world as well as hurting the Nation's economy, or to lower tariffs, and, as some claim, injure specific American industries and workers. There is a third way.

The alternative is trade adjustment. Under this program, the President would be given another means of dealing with an escape-clause action. If the Tariff Commission in its studies concluded that an industry had been injured by a lowering of tariffs, the President would not have to raise the tariff again to aid the industry. He could instead recommend that assistance be given to help the threatened sections of the industry adjust to the new economic conditions.

If our trade policy requires that some industries and some workers suffer competition from increased imports, however slight, then it is only fair that that hard-

ship should be shared by all of us. Trade adjustment recognizes our responsibility for leadership in world trade, but is not without conscience for those workers and industries which might experience some economic distress from a gradual lowering of tariffs.

The trade-adjustment program is not a subsidy; it is not permanent assistance to enable industries or communities to hobble along. It is assistance to help them over a period of adjustment.

I like to compare the idea of trade-adjustment assistance with veterans' rehabilitation. We recognize the latter as a basic tenet of policy. When a man is wounded as a result of duty with the armed services of his country, his country has a responsibility to help him recover; and moreover, in case of permanent damage, to help him to develop new skills that will enable him to adjust to his changed condition and to lead a productive life.

We should view an industry injured as a result of our national trade policy in much the same way. If we believe world trade is crucial for our national economic health and for our success in foreign relations, as everyone should by now be convinced it is, then anyone seriously injured in the pursuit of this policy should be eligible to receive such aid as may be required to assist him to change operations to become productive again. Such workers or such firms as might be hurt by lowering trade barriers have, in fact, service connected disabilities in the cold war. Let us then treat them as we do others who suffer hardship from a deliberate national policy. Let us not subsidize; let us not indemnify; let us instead assist them to adjust their activities to meet the new economic conditions that result. This is what we mean by trade-adjustment assistance.

Mr. President, recently I introduced two amendments to the Trade Agreements Extension Act and cosponsored a third. All of them deal with trade-adjustment assistance.

Frankly, Mr. President, I do not know whether there will be any point in calling up these amendments this session. They are intended to be a reasonable solution for Senators who believe restrictions on trade should be reduced, but wish to aid those industries and workers who encounter hardships because of trade. Developments in the last few days have made it clear that foes of trade extension will not be satisfied with a means of helping those who are disadvantaged by our trade policy. I fear that they will not rest until all imports are choked off completely, unless the resulting debacle of our own and the whole world's economy wakes them up to the essentiality of trade in the modern world.

I would, however, like to explain briefly the idea of trade adjustment. If we decide to reject the debilitating amendments to the Extension Act now before us, perhaps we can work out the details of adjustment assistance.

The first amendment I introduced on Saturday, June 14, for myself and the distinguished Senators DOUGLAS, NEUBERGER, and McNAMARA. The text can be found on pages 10049-10052 of the

CONGRESSIONAL RECORD. It is a revision of earlier legislation I had the honor of sponsoring with the distinguished junior Senator from Massachusetts [Mr. KENNEDY] in the 84th Congress. I have restudied the proposals we made at that time. I think they are basically sound. What I propose in this amendment is the establishment of a Trade Adjustment Board. As an alternative to accepting peril-point and escape-clause recommendations of the Tariff Commission, the President could turn the matter over to the Trade Adjustment Board. This Board, an interdepartmental committee, would, upon application by a community, an industrial development corporation, a business enterprise, an employee, or a union, determine whether the applicant had been adversely affected by the lowering of trade barriers. If the Board decided that the applicant had been so injured, a number of kinds of assistance would be available.

First, information and advice. In the amendment, an obligation is placed upon the various agencies of the Government to supply to business enterprises technical information, market research, and other forms of information and advice which might be of assistance in development of new or more efficient lines of production. A community or an industrial development corporation similarly would be eligible for assistance in developing a more balance and diversified economy.

I might say, as an aside, that if the area redevelopment legislation we passed this session becomes law, an orderly and direct means of supplying such technical advice and information to seriously afflicted communities will be available. Area redevelopment legislation applies similar solutions to any community that trade adjustment applies to those places handicapped by our national trade policy. Trade adjustment, however, applies as well to individual enterprises and workers.

A second kind of aid proposed in the trade adjustment amendment is loans. These would be granted through the regular procedures of the Small Business Administration to enterprises or communities to enable them to adjust to new economic conditions resulting from lowering trade barriers.

Third, firms and communities would be allowed accelerated amortization for developing new or different lines of production or more diversified economies when such change is made necessary by the national trade policy of the United States.

As for assistance to individual workers who lose their jobs because of our trade policy, I propose several kinds of assistance. First, additional unemployment compensation. My amendment would authorize the supplementing of State benefits from Federal funds. A worker could receive up to two-thirds of his weekly pay for 52 weeks. Unemployment compensation would be a stopgap measure until other employment was available.

If a worker is over 60 years of age when he loses his job through the operation of international trade, and if he cannot get another job because of his

age, this amendment would allow him to retire under the Social Security Act.

Other workers, however, with many productive years ahead, would be provided the opportunity to receive retraining in skills that are in demand in the national economy. Or, if their present skill was still useful, but the only jobs available were in a distant area, the worker would be financially assisted to move himself and his family to the labor scarcity area.

Mr. President, I believe that such a measure as I have described in briefest detail here today would go far toward resolving the dilemma that many of us face. The staunchest advocates of expanded trade opportunities do not want to allow the few to suffer because of the greater benefits that will flow to the many. We can avoid such hardship with an adjustment program.

Mr. President, trade adjustment is not merely an untried idea. It has actually been tried, and found workable. I refer to the experience of the European Coal and Steel Community, commonly called the Schuman plan. It was recognized by the far-sighted men who set up this first major venture in international administration of economic resources that hardships would fall to certain areas because of shifts in production centers, greater productivity through technical development, and reduction of marginal enterprises.

So the concept of readaptation was evolved and put into operation in 1952. Readaptation in the Coal and Steel Community offers similar aids to disadvantaged firms and workers as those proposed in my trade adjustment amendment.

It offers a generous waiting allowance—actually unemployment compensation—retraining, relocation, and the encouragement of new industry through direct investments or low-interest loans.

By and large, in 5 years' experience, the program has met with success. As the end of the transitional period draws near, readaptation is undergoing revision to meet new conditions in Europe. The treaty establishing the European Economic Community—the general common market—continues the idea of adjustment assistance in areas affected by reduction of trade barriers.

Mr. President, I ask unanimous consent that there be printed in the RECORD at the close of my remarks an article entitled "Notes on the Readaptation Program," prepared by the Information Service of the European Community for Coal and Steel, and a covering letter from the Committee on Foreign Trade Education, Inc. These two documents explain in more detail the operation of the trade adjustment idea in Europe.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B.)

Mr. HUMPHREY. Mr. President, I am a practical man. In saying that, however, I still express my conviction that we should never relent in proposing and fighting for the programs we think are necessary. That is why I have proposed this amendment to establish a Trade Adjustments Board. I would be most pleased to see it adopted by the

committee and accepted by the Senate.

On the other hand, I recognize the difficulties in getting such a far-reaching measure made a part of the Trade Agreements Extension Act this year. The amendment I have discussed is a complex measure, which touches at many points our established welfare programs. We would want to have the benefit of detailed study of such legislation by our committee before we adopted it. I hope that such study will be made this year.

I trust that the Committee on Finance gave consideration to my trade adjustment amendments to the Trade Agreements Act. If I may, I should like respectfully to remind the distinguished chairman of our committee of a colloquy he and I engaged in about such legislation during the debate on the 1955 extension of the Reciprocal Trade Act. At that time, and this exchange can be found on pages 5574 and 5575 of the permanent RECORD, I suggested that trade adjustment assistance legislation was of sufficient importance to merit thoughtful consideration by itself, other than as consideration in connection with an overall tariff bill. The distinguished chairman [Mr. BYRD] at that time replied:

If the Senator introduces proposed legislation on the subject, it will receive full consideration by the Committee on Finance.

A PRACTICAL APPROACH

If the Senate should decide it is not ready to embark on a fullfledged trade adjustment program at this time, I shall propose another approach. On June 12, 1958, I submitted a more general trade adjustment amendment, on behalf of myself, and the distinguished Senators CLARK, NEUBERGER, McNAMARA, and DOUGLAS. I ask unanimous consent that the text of this amendment be printed at this point in my remarks.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

SEC. —. For the purpose of sections 6 and 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C. 1363, 1364), the Tariff Commission shall include in its investigations the possibilities for alternative employment for the production facilities and workers involved and shall report fully to the President the nature and extent of adjustment difficulties that have been occasioned by any concession made pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C. 1351). If the President refrains from increasing the protection afforded producers pursuant to an escape-clause recommendation, he shall, to such extent as may be desirable and practicable, make full use of all available procedures heretofore or hereafter authorized by law, to avoid or ameliorate the economic hardships which particular communities, industries, enterprises, and individuals may suffer in the adjustment of their productive activities to the economic conditions created by our national trade policy, particularly by the lowering of trade barriers pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C. 1351). If the President considers existing executive authority to be inadequate for this purpose, he is requested to submit to the Congress proposals for supplementary legislation.

Mr. HUMPHREY. Mr. President, here is an amendment we need have no hesitation in adopting this year. It sets up

no new board. It amends no small-business legislation. It does not affect old-age insurance or unemployment compensation. It does not amend the Internal Revenue Code. Yet I believe it would be a most significant step in enacting a sound trade policy.

This amendment directs the Tariff Commission, in its investigations of conditions in an industry pursuant to an escape-clause action, to explore the possibilities for alternative employment of the production facilities and workers involved. Then the Tariff Commission reports this information to the President. If the President should decide against escape-clause action, he is directed to use all available resources of the Government to assist the affected firms, workers, and communities to adjust to the new conditions that are facing them.

We have right now many agencies of Government that could be made available for trade-afflicted areas if a concerted effort were made by the administration to do so. Our present Employment Service, Small Business Administration, technical advisory services of the Departments of Commerce and Interior, and the contract placement authority of the Office of Defense Mobilization and the Department of Defense could be brought to bear on the problem of industries and individuals forced to change their operations because of trade competition.

I think that adoption of such a measure as this more general amendment is a wise and necessary step. It would be a firm declaration of intent by the Congress that it is the policy of the United States—where its foreign policy and other national interest requirements impose a hardship on any particular group within this country—that the Government has an obligation and a desire to ameliorate the effects.

The readjustment assistance idea recognizes the great source of magic in American enterprise—our ability to meet changing conditions and adapt our productive and individual capacities, to regain strength and grow with new vigor. We see this adaptability in action every day, in the constant changes our industries make in meeting competition or accepting the changes of new products or technological improvements.

One of the great faults of high tariffs is that they encourage a non-competitive product to remain noncompetitive. They encourage a sluggish industry to remain sluggish by putting a premium on a tariff-protected product that is not competitive. Trade adjustment would help such an industry improve its methods or to change over to a more competitive line of production. If we really believe in free enterprise, we should welcome the beneficial effects of competition.

Here is a way out of an ancient dilemma, especially for Members of Congress. Those who want to lower tariffs should support trade adjustment, for they do not want any domestic industry injured. At the same time, those who are legitimately concerned about some particular industry or community, should find in the trade-adjustment program a way to

assist individual enterprises and workers while promoting the overall national interest by increasingly freer world trade.

As the Reciprocal Trade Agreements Act comes up for this most crucial test in the Senate in the coming days, we must defeat the efforts being made to weaken, and even destroy it. Everyone should be aware of our true national interest. The easy argument against foreign imports has prevailed too long. If it results in further weakening of our trade policy, we may all suffer gravely in the future. The Communists will make further inroads into the free world as their trade offensive succeeds beyond their greatest hopes. Our alliances will break up on the shoals of trade antagonisms. Our own economy will decline, and American workers will be out of work as other nations can no longer buy our products.

None of these things needs to happen, for the alternative is not injury to American industry and labor. Trade adjustment provides the means whereby the Reciprocal Trade Agreements Act can be strengthened not weakened. Only a strong trade policy will keep together a strong free world and promote a continually rising standard of living for us all.

Mr. President, I note for the RECORD that the distinguished Senator from Massachusetts [Mr. KENNEDY] also has an amendment with a trade adjustment feature which is similar to one I have advanced. I am hopeful that amendment will also be pressed. It is my intention to support it. It represents very constructive economic policy and is deserving of the majority support of the Senate.

EXHIBIT A

SUMMARY FOR THE STATE OF MINNESOTA

I. Industries favorably affected by exports: Approximately 60 percent of the total number of persons in Minnesota engaged in manufacturing work for firms which fall into five major manufacturing classifications:

FOOD AND KINDRED PRODUCTS

One thousand, one hundred and eighty-three establishments employing approximately 49,470 persons.

Proportionate share of Nation's total exports: \$38.5 million.

Proportionate man-years of employment resulting from exports: 1,010.

Products exported nationally affording benefits to the State: Linseed oil, durum semolina, butter, beer, nonalcoholic beverages, rye and wheat flours, animal feeds, macaroni, cereal, meat products, etc.

Essential ingredients imported: Coconut oil, cocoa, coffee, nuts, chocolate, bananas, spices, herbs, etc.

PULP, PAPER, AND PRODUCTS

Eighty-one establishment employing approximately 15,428 persons.

Proportionate share of Nation's total exports: \$12.6 million.

Proportionate man-years of employment resulting from exports: 710.

Products exported nationally affording benefits to the State: Pulp, paper, bags, cartons, and other paper containers.

PRINTING AND PUBLISHING

Eight hundred and four establishments employing approximately 19,450 persons.

Proportionate share of Nation's total exports: \$2.4 million.

Proportionate man-years of employment resulting from exports: 1,915.

Products exported nationally affording benefits to the State: Newspapers, trade papers, periodicals, calendars, books, advertising novelties, etc.

Essential ingredients imported: Newsprint, dyes, alloys for type facings, etc.

FABRICATED METAL PRODUCTS

Three hundred and seven establishments employing approximately 9,707 persons.

Proportionate share of Nation's total exports: \$4.6 million.

Proportionate man-years of employment resulting from exports: 295.

Products exported nationally affording benefits to the State: Barrels and drums, aluminum products, wire specialties, heating and ventilating equipment, structural products, etc.

Essential ingredients imported and percent of total United States supply: Manganese (82.7), tungsten (56.9), beryllium (92.4), titanium, zirconium (50.9), bauxite (75.8), nickel (97.4), industrial diamonds (100), etc.

NONELECTRICAL MACHINERY

Four hundred and fifty-four establishments employing 23,492 persons.

Proportionate share of Nation's total exports: \$56.5 million.

Proportionate man-years of employment resulting from exports: 3,550.

Products exported nationally affording benefits to the State: Well-drilling equipment, shop presses, road machinery, farm tractors and implements, packaging machines, food machinery, conveyors, mining machinery, etc.

Essential ingredients imported: Ores, balsa, natural rubber, asbestos, natural graphite, etc.

II. Industries possibly affected by import competition. Each has been covered in the main body of this text: Hardboard, 1 firm; coated and uncoated printing papers (except newsprint), 5 firms; wire fencing, barbed wire, wire nails, 1 firm; cotton textile mill products, 2 firms; knit goods (excluding hosiery, knit gloves, and mittens), 11 firms; wool textile mill products, 8 firms; woolen and worsted floor coverings (including yarn spinners), 1 firm; grained, embossed, and fancy leather, 1 firm; men's dress shoes, 1 firm; cigarette lighters, 1 firm; matches, 1 firm.

III. Major agricultural commodities produced in the State favorably affected by exports:

Soybeans: State's proportionate share of exports: \$45 million.

Livestock and products (excluding dairy and poultry): State's proportionate share of exports, \$20 million.

Corn: State's proportionate share of exports, \$19.2 million.

Dairy products: State's proportionate share of exports, \$13.8 million.

Wheat: State's proportionate share of exports, \$9.7 million.

IV. Major agricultural commodities produced in the State which may be faced with import competition.

Livestock and products (excluding dairy and poultry): State's proportionate share of imports, \$18.3 million.

V. Major mineral commodities which may be affected adversely by import competition:

Iron ore: 15,475 persons.

Manganese: 30 persons.

EXHIBIT B

COMMITTEE ON FOREIGN

TRADE EDUCATION, INC.,

New York, N. Y., June 3, 1958.

DEAR SENATOR HUMPHREY: One main fact has been pretty well buried by the unending barrage of the high tariff lobbies: less than 29,000 workers lost their jobs between 1947 and 1956 in companies that the Tariff Commission itself held to be injured by imports.

The political balance for trade shows just as heavily as the economic. Information on trade matters has too often been confined to the back pages of our newspapers, while always headline news abroad—because trade is a life-and-death issue in lands where we now so desperately need friends and allies. We're awake now, for in Lima and Caracas it was literally thrown in our national face that we are losing ground in the battle against communism because our domestic protectionists are winning their fight for high tariffs.

The national interest calls for prompt passage of H. R. 12591.

The membership of this nationwide bipartisan volunteer organization does not, of course, applaud the compromises incorporated into H. R. 12591. We know that a stronger, not a weaker, bill is the real need. Indeed, since 1954 we have urged that difficulties of those few industries, communities, and workers facing difficult import competition be met with rehabilitative programs instead of protectionist palliatives. Trade adjustment, not higher and higher tariffs, is the constructive solution.

The continuing liberalization of our trade policies constitutes a real change of national policy. Individual employers, communities, and workers, we submit, should not have to pay the price for that national progress.

This position is more and more widely held. Many business leaders and their associations have gotten behind trade adjustment during the last few months. In fact, President Eisenhower quite some while ago instituted one facet of the trade adjustment idea by setting a revolving loan fund to revitalize New England's fish fillet business.

And the Readers' Digest for May has pointed out that trade adjustment is not an unproved theory; its basic concept has been a working practicality for the last 5 years in Europe. We are grateful, therefore, to the Information Service of the European Community for Coal and Steel for permission to distribute copies of their recent background data memorandum on the European readaptation program. While not identical to trade adjustment, the European program will put our own national needs into focus and reduce the time it will take to "tool up" and put trade adjustment into actual operation.

There are several trade adjustment bills now awaiting action by the Congress (including H. R. 457 by Mr. SMITH, H. R. 1105 by Mr. DONOHUE, H. R. 9505 by Mr. EBERHARTER, S. 2907 by Mr. KENNEDY, and S. 3664 by the Messrs. JAVITS, SALTONSTALL, IVES, and POTTER). One of these bills should be incorporated into H. R. 12591 before it reaches the President's desk.

Sincerely yours,

GERARD PALMER,
Acting Chairman.

[From Background Data of June 1958]

NOTES ON THE READAPTATION PROGRAM OF THE EUROPEAN COMMUNITY FOR COAL AND STEEL

"Readaptation" describes a new European social and economic concept that came into existence in 1952. At the time, Europe was embarking upon its first step toward economic unification through the Schuman plan—the six-nation common market for coal and steel.

The Schuman plan, or the European Coal and Steel Community as it was officially known, had as its basic aim the creation of a competitive expanding economy in Europe through the elimination of all barriers to the free flow of trade in coal and steel—products which accounted for 45 percent of Europe's volume of trade.

But it was clear to Europe's leaders that its success could also spell serious trouble for workers in Europe's steel mills and coal mines. The changeover from the traditional

economy of protected national markets to a competitive single market of 165 million consumers could bring with it shifts in production centers, greater productivity through technical development, and the killing off of marginal enterprises. These changes could, in turn, lead to severe pockets of unemployment.

Thus the concept of readaptation was developed to meet this threat. Its aim was, in the words of community planners, "to reconcile two imperatives—economic progress and full employment * * * to insure that the labor force shall not bear the brunt of the readjustments which have, of necessity, to be made * * * to obtain a better utilization of the production factors and, consequently, a higher standard of living."

For generations past, Europe had tried to alleviate labor dislocations by subsidies, monopolies, restraint of trade, and protection. Now readaptation, as practiced in the Coal and Steel Community, would permit the development of a competitive and expanding market without allowing labor to become the unwilling victim of economic change.

How has it worked during the first 5 years of the common market for coal and steel? These notes were prepared to answer the question and others raised in the United States by persons interested in the concept and its possible domestic applicability.

FACTS

A. Why readaptation?

The underlying purpose of readaptation is contained in a statement by Jean Monnet, first president of the Coal and Steel Community's executive branch, the high authority. He said:

"Progress in Europe has often, in the past, been hampered by a desire to retain obsolete methods of production for fear of unemployment. Yet to maintain such methods prevents the lowering of production costs and a rise in wages. The future European economy depends essentially upon the removal of this discrepancy between the desire for stability and the need for progress."

B. How does readaptation work?

Readaptation removes the discrepancy between the need for labor stability and for industrial progress in four ways:

(a) by providing a waiting allowance to workers who have lost their jobs due to the reorganization and/or modernization of a plant (the allowance is paid over a period of months, generally at a tapering rate);

(b) by retraining workers for new employment and new skills without cost to the workers;

(c) by assisting in the relocation of workers—paying travel, moving, reinstallation costs, and

(d) by encouraging the development of new industry to replace shut-down plants through direct investments or low-interest loans in order to reemploy workers left jobless because of industrial modernization programs.

C. What is the legal basis of readaptation?

Authority for readaptation is provided in the treaty of the Coal and Steel Community, the Community's constitution. Section 23 of the convention containing the transitional provisions states:

"If the consequences of the introduction of the common market (in coal and steel) oblige certain enterprises or parts of enterprises to cease or to change their activities during the transition period * * * the high authority (executive branch) at the request of the governments concerned * * * must help to protect the workers from the burden of readaptation and assure them productive employment, and may grant nonpayable assistance to certain enterprises."

With the end of the 5-year transition period for the coal-steel common market (February 1958) authority for readaptation extends only for another 2 years. Following that, readaptation will derive from article 56

of the treaty. The provision is less flexible than the transitional power it supplants. Unless amended, article 56 will have the effect of reducing the readaptation effort (see below).

D. Readaptation: pros and cons.

Readaptation has enjoyed broad support within the 6 nations. Enthusiasm for the program from the start was strong in France and Italy and the governments took an early interest in the application of readaptation measures with the high authority. In Germany, on the other hand, popular support grew more slowly. A program launched recently at Barsinghausen (lower Saxony) to assist 1,800 coal miners is reported to have awakened German public opinion to the existence of the adjustment program and to have stirred a growing amount of support.

Most significantly, there has not been evidence of friction in labor's ranks where coal and steel workers have been the only recipients of benefits among other, non-covered groups of the jobless. In the case of the readaptation program conducted in behalf of several hundred workers once employed at the Darfo steel works at Lake Garda, Italy, not even the Communists have seen profit in attacking the ECSC assistance policy. Instead, it is widely understood that the new capital to be invested in the region by a readaptation agreement with the Italian Government eventually will not only reemploy the Darfo workers, but create jobs for many others, too.

But readaptation has not worked smoothly in every case. M. Bertrand, of the community assembly's labor affairs committee, has pointed to a procedural shortcoming in the readaptation system. He has indicated that the initiative and ultimate responsibility for undertaking readaptation measures lies with national governments who must request the high authority's assistance in setting up a program. This, plus the fact that national governments retain the function of making the actual disbursements to workers, have inevitably caused bottlenecks. In M. Bertrand's view these divisions of authority only serve to slow the entire readaptation effort.

A call for a treaty amendment to modify these procedures was made early in 1958 by another assembly member, Gerhard Kreyszig of Germany. He asked that full readaptation initiative be given to the high authority, that it be empowered to invoke section 23 of the transitional provisions or article 56 of the treaty without having to await the request of the governments.

Another stumbling block encountered in readaptation programs aimed to assist workers in moving to more productive areas has been the lack of mobility of the European workers. A strong European identity with native surroundings has worked against relocation. For example, advanced planning indicated that fully 5,000 French coal miners would leave the marginal fields of the Centre-Midi and, with high authority assistance, move to the productive, labor-short mines of the Lorraine. However, less than 100 miners availed themselves of the plan. Seniority differences, temporary housing facilities, and even difficulty with the Lorraine dialect conspired to discourage the relocation effort. But the most poignant deterrent remained the unwillingness of Centre-Midi workers to abandon the ancestral home.

Such obstacles, though of real importance, have not imperiled the readaptation program. Legitimate criticism arising from the early operation of the program served to improve the system so that it now goes to work when it should to do a real job for the worker and the workers' community in lending assistance over the rough places in the changeover to a "European" economy.

E. How many workers have been involved in the program so far?

As of February 1958, the end of the ECSC transition period, 18,560 workers had been helped by the assistance program. Of these, 13,200 were Italians, 3,500 French, 1,800 German, and 60 Belgian.

F. How much has it cost?

Appropriations earmarked for readaptation totaled \$12,570,000 at the end of the transition period, February 1958. Of that, \$4,507,000 had been expended as of the 31st of December 1957. On the same date the high authority's total readaptation fund (including matching outlays by national governments) stood at \$26,668,000.

The comparatively low rate of fund expenditure partly reflects the boom times Europe has enjoyed since the ECSC went operational in February 1953. Community leaders freely acknowledge that prosperity and the heavy demands on all production resources have eased any extreme strain on the readaptation system.

Low payments are also accounted for by the division of responsibility between member governments and the high authority; split initiative has often slowed disbursements.

G. Who pays?

Readaptation payments are, most often, equally shared by the high authority and the government in whose territory the particular program is to operate. In practice, however, there is considerable flexibility in the administration of this rule. Italy, for example, has negotiated a waiver of its allowance payments and, instead, with the approval of the high authority, makes an equal amount of low-interest capital available for investment in new industry in depressed coal and steel areas. In Italy, therefore, the high authority has accepted sole responsibility for payment of waiting allowances, retraining, etc.

Readaptation payments, it should also be noted, supersede payment of national unemployment compensation. Participation in a readaptation program, indeed, is not styled as unemployment at all. For that reason, unemployment compensation funds and other funds to which workers customarily make contributions are not involved.

H. What system is used for paying "waiting allowances"?

While the worker "waits" for new employment, he receives payments to compensate for the loss of his income. These payments can have a duration of 15 months, if employment does not become available sooner. Paid on a tapering scale, the compensation is begun at 100 percent of the former wage and declines by the end of the 15-month period to 60 percent of the lost earnings. Furthermore, if the worker's next job provides a lower wage than that previously received, the loss is completely made up for a period of 1 year (except in Italy where the difference is offset by 85 percent for a period of 15 months). While receiving "waiting allowances," workers are qualified for retraining.

I. What is the system for transfer allowances?

As indicated above, several forms of assistance are offered within this category. They include travel payments (for the worker and his family) and financial assistance toward furniture moving and related "reinstallation" costs. These payments, made in lump sums, are naturally tied to conventional values in the different regions of the community. Thus, in 1956, a transfer allowance for a married, Italian steelworker, totaled only \$320, while the miners of the Centre-Midi of comparable status were offered \$560.

J. What changes will be made in the readaptation program?

A slackening in Europe's industrial boom has focused new attention on readaptation. This interest is intensified by the realization that the current and rather liberal re-

adaptation authority (sec. 23 of the transitional provisions) will lapse in 1960. Article 56 of the ECSC Treaty, governing in its place, will permit much less leeway for readaptation planning. The article authorizes readaptation only "if the introduction of technical processes or new equipment . . . should lead to an exceptionally large reduction in labor requirements in the coal and steel industry, making it especially difficult in one or more areas to reemploy the workers discharged."

Ignoring cyclical unemployment and setting stiff criteria for unemployment caused by technological and marked changes, article 56 has inspired more and more criticism from those favoring readaptation. Many members of the community's parliamentary body, Liberals, Christian Democrats, and Social Democrats alike, have been vocal in their demands for recasting the readaptation section of the permanent treaty.

K. Is there a readaptation provision in the treaty of the European Economic Community (the general Common Market)?

Article 125 of the EEC Treaty contains authority for a Common Market readaptation program. It goes considerably beyond article 56 of the ECSC Treaty, although does not necessarily give the same impetus to readaptation as that provided in section 23 of the Coal and Steel Community's transitional provisions.

The EEC readaptation provision, in part, reads: "Readaptation is to insure 'productive reemployment of workers by means of occupational retraining resettlement allowances.' Aid will also be granted 'for the benefit of workers whose employment is temporarily reduced or wholly or partly suspended as a result of the conversion of their enterprise to other production, in order that they may maintain the same wage-level pending their full reemployment'."

Article 127 of the treaty establishing the Common Market indicates that "European legislation" will be necessary for the full implementation of the treaty's readaptation authority.

Mr. HUMPHREY. Mr. President I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Without objection, it is so ordered.

Mr. PROXMIER. Mr. President, in this debate the protectionists have based their argument largely on the necessity of protecting the jobs of American workmen. If I thought that the protectionists' trade bill, as reported by the Senate Finance Committee, would add a single job to America's or Wisconsin's labor force, I would vote for it. But, Mr. President, it will, if passed, not only fail to protect or provide jobs; it will destroy them. This bill in its present form puts 4,500,000 Americans whose jobs depend on foreign trade in serious danger of unemployment. In my State of Wisconsin it will mean the jobs of 120,000 of our citizens will be in question. In Milwaukee, Racine, Eau Claire, La Crosse, and the small cities and towns, as well as the large cities, jobs will be endangered. An expanding trade program based on a strong reciprocal trade bill can bring hundreds of thousands of new jobs to Wisconsin and America. The 120,000 in Wisconsin who now work

in foreign trade could swell by tens of thousands. The thousands of working people walking the streets this very day in Racine, Eau Claire, La Crosse, and Oshkosh will have a far better chance to find work if this bill is amended so as to encourage the growth of American trade and Wisconsin trade.

The League of Women Voters of the State of Wisconsin states, in a study done on the subject, that an estimated one-tenth of the products of Wisconsin's farms and factories are sold abroad. Wisconsin's products are sold all over the world, and with the completion of the St. Lawrence seaway there will be an even greater impetus for export-import trade in the Midwest.

The United States exports were worth about \$20 billion in 1957. Wisconsin's proportionate share of this figure was \$628 million. That is, last year we in Wisconsin exported about \$628 million worth of goods and services to countries throughout the world.

If the population of Wisconsin is divided into the value of Wisconsin's exports, one finds that Wisconsin's export trade is worth more than \$162 per capita. This means money in the pockets of the people of Wisconsin; and it means jobs and prosperity for every Wisconsin citizen.

Mr. President, what effect will passage of the bill have on the manufacturing industries of Wisconsin? Seventy-one percent of all persons engaged in manufacturing in Wisconsin are in firms falling into 7 major manufacturing classifications: Nonelectrical machinery; food and kindred products; transportation equipment; pulp, paper and products; electrical machinery; fabricated metal products; and the primary metals industries. Wisconsin's proportionate share in United States exports of these 7 groups amounted to over \$403 million in 1956. This means hundreds of millions of dollars on payrolls and thousands of jobs.

The nonelectrical machinery industries, which employ over 84,000 persons in Wisconsin, are heavily dependent on foreign trade. It is estimated by the Commerce Department that well over 13,000 people in this one field are dependent for their employment on exports. Thousands of other Wisconsin workers depend on foreign trade in the transportation equipment industries, electrical machinery industries, pulp and paper products industries, and so on.

Mr. President, later on I am going to mention the cities and towns in the State of Wisconsin which will be very seriously affected if the bill is passed in its present form. I am going to specify the firms involved. I shall do this because I want to put the working people of Wisconsin on notice as to how the bill, if it is passed, is likely to endanger their jobs in their hometowns.

The people of Wisconsin work for companies whose exports are sold all over the world. Allis-Chalmers Manufacturing Co., with plants in West Allis and La Crosse, sells electrical machinery, tractors, farm implements, and so forth, to the four corners of the earth. The Caterpillar Tractor Co., which exports 42 percent of its products, has a big plant in

Milwaukee. The world famous General Electric Co., with two plants in Milwaukee, exports X-ray equipment and dishwashers. The McGraw Edison Co., with plants in Omira, Wautoma, New London, Racine, Milwaukee, Barton, and Ripon, exports sizable percentages of its product; so does DuPont in Barksdale, and so does the Salvo Chemical division of Sterling Drug, located in Rothschild.

Beverage companies known for their international sales, such as the Schlitz Co., Miller High Life, Pabst Blue Ribbon, and the Blatz Co., are located in Wisconsin.

One of the leading firms in the State is located in Milwaukee and employs about 2,200 people. Of an annual product exceeding \$60 million, 7 percent is sold abroad. One out of every 14 men, or a total of 315 employees in this one plant alone, owe their employment to foreign trade. An outstanding company with 2 big factories in Wisconsin, which had an employment for 1957 of about 17,000, states that it exports over 12 percent of its produce. This would indicate that more than 1,400 workers in this one company are dependent on foreign trade for their living. Similar examples are repeated throughout the State. The workers and businessmen of Wisconsin need foreign trade.

What about the farmers and dairy-men? Do they benefit from foreign trade? They certainly do.

Were it not for exports, American agriculture would smother in its own production. Sixty million acres of farmland—1 of every 5—produces for export. High exports relieve the burden of big agricultural surpluses at home.

American farmers are among the most efficient in the world. Annually we produce far more agricultural products than we can use at home. According to the Department of Agriculture, the wheat crop in prospect is more than twice our domestic requirements.

The high efficiency of our American agriculture has made foreign markets an essential outlet. In the most recent marketing year, the Agriculture Department states that foreign markets absorbed the equivalent of over half of our wheat, cotton and rice crops; over one-third of the soybean production. United States agricultural exports during the 1957 fiscal year reached an all-time high value of \$4.7 billion, an increase over 1953 of 68 percent in value and about 94 percent in volume. New export records were set in a number of crops.

Wisconsin's proportionate share of 1956-57 exports was \$11.6 million for livestock and products—excluding dairy and poultry—\$4.8 million for corn, \$2.8 million for vegetables, \$1.7 million for fruit. The proportionate import share for livestock and products—excluding dairy and poultry—was \$10.6 million. These figures mean dollars in the pockets of the people of Wisconsin.

Like all parts of America, Wisconsin is an importer of agricultural products—but these are largely tropical or semi-tropical products now grown here like coffee, spices, and so forth. In addition there are some imports of competing

specialty livestock products. In balance, however, exports of such products exceed imports.

How about dairy farmers, do they too benefit from foreign trade? These Department of Agriculture and Department of Commerce figures show that they do. Wisconsin produces about 17 percent of the milk produced in this country.

The dairy farmers of the United States, a great many of them from Wisconsin, produce nearly one-third of the world's milk. Exports are essential. Dairy products accounted for \$150 million worth of exports in 1956. The Department of Commerce states that Wisconsin accounted for well over half of this total with \$93 million worth of exports. Total dairy products imports in that same year were only \$42 million. While concern has been expressed about imports, the United States maintains quotas to prevent imports from interfering with domestic price support programs. By quantity, the United States exports 12 times as much as she imports. The export-import balance by value is less impressive. One hundred fifty-million dollars exports to forty-five million dollars imports in 1956. About 3 to 1.

The prosperity of the dairy industry is dependent in no small part on domestic overall prosperity. Domestic prosperity is to a certain extent dependent on our ability to export; and of course our ability to export is closely tied to the success and adequacy of our trade program. There is a very close relation of dairy products sales to consumer buying power—both rising and falling together. The big factor determining dairy sales is not imports. These account for a comparatively slight percentage of domestic production.

The big factor is the overall level of domestic prosperity, plus, of course, a national farm program in behalf of dairy farmers that makes sense. I think it is clear that in the past few years, when we have had prosperity to some extent throughout America, we certainly have not had it on our dairy farms, not because the farmers do not stand to benefit from prosperous conditions in our cities, towns, and villages—because they do—but because we have a ridiculous farm program which has placed the dairy farmer in a position in which he does not benefit from general prosperity, or has not benefited in the past.

If we keep our trade channels open, the market abroad for our agriculture products will continue to expand. Most of the rest of the world is overcrowded and unable to produce enough food to meet domestic requirements. As the standard of living in the underdeveloped countries rises, the people will be able to afford a better diet, and will be anxious to import wheat, dairy goods, and other agricultural products. They will have the money to import even more of our manufactured goods than they do at present.

In making these remarks, Mr. President, I am fully aware that a large number of workers in my State are in industries which are feeling the pressure of foreign imports. I have studied their problems carefully. I sympathize fully with efforts to bring relief to these areas.

I not only full sympathize with the plight of our workers, but I want to do something about it.

The distinguished Senator from Minnesota [Mr. HUMPHREY] discussed one means which I think offers excellent prospects, and I intend to support the proposal.

There is one industry in Wisconsin which has suffered particularly from imports. A number of plants have closed down. I am referring to the plywood industry. Some of the leaders in the plywood industry favor the bill in its present form, and strenuously support the amendments adopted by the Finance Committee.

I submit—and I intend to carry this message to the workers in the plywood industry in Wisconsin—that the bill in its present form would not save a single job. It would not permit the plywood industry to regain a single job. The bill in its present form would do nothing about changing the Tariff Commission. The plywood industry has come before the Tariff Commission and asked for relief. It asked to be protected, and the present Tariff Commission turned it down by unanimous vote, as recently as June 2, 1955. Nothing in the bill would change the makeup of the Tariff Commission, or change the criteria in such a way as to permit the plywood industry to have relief or recourse. My distinguished colleague [Mr. WILEY], for whom I have the greatest affection, spoke this afternoon about the difficulties of the plywood industry. I have great sympathy with the plywood industry. I think perhaps a quota program might make sense, but the proposed program makes no sense whatever as applied to the plywood industry.

Consider the situation in Algoma, Wis. As I understand, a number of Wisconsin workers have been thrown out of work, or their jobs have been endangered.

It would be fine if we could pass legislation which would restore their jobs; and there would be every reason to fight for such legislation. There is not the slightest evidence that the pending bill would help to restore the plywood industry in Algoma or anywhere else.

As is true in most cities in which plywood plants are located, Algoma has manufacturing concerns which export. They are engaged in foreign trade. The bill before us would throw more people out of work in Algoma and the other cities and towns which have plywood plants. It would hurt the dairy farmers. It would hurt the villages which depend on dairy farming. Far from being a bill which would benefit the plywood industry, the pending bill would cause a considerable amount of harm.

I should now like to discuss the bill very briefly from a more general standpoint. Mr. President, to mutilate our reciprocal trade program, as is being proposed here, would be seriously to weaken one of the pillars on which our national security and the defense of the free world rests. I believe the overwhelming majority of the American people support a strong and liberal trade policy, and I share their view. I think this viewpoint has spread and increased in recent years. I think it is recognized

that the way to strengthen the free world economically is through foreign aid, through grant programs; also through loan programs; and finally, through foreign trade.

The fact is that there is a great deal of opposition to a foreign grant program, or a foreign aid program which consists primarily of grants. It has been called a giveaway program.

Many of us feel that it has been wasteful to some extent. Some of us feel it should not be perpetuated, but should be eliminated as soon as possible. At the same time I believe that perhaps we must continue it, with the hope of diminishing the extent to which it applies. We would like, as soon as we can, to the greatest degree possible, to shift away from a grant program to a loan program. We feel that there are many reasons for it. The principal reason, of course, is that a loan program means that the money loaned is likely to be much more carefully and thoughtfully invested and not wasted, and paid back. Some Americans feel that a loan program involves an element of risk and involves low interest rates, and a subsidy of a kind. However, if Members will examine the trade program, they will recognize that that is the best way to strengthen the free world. There is no real element of subsidy involved at all. Here is a program which is in the best traditions of American free enterprise and competition.

Events of recent days should have convinced even the most stubborn of those who cling to an outmoded economic isolationism that this is no time for us to subvert our crucial foreign economic policy. Behind the tragic events in the Middle East, which carry so grave a threat, there is an underlying and obvious fact. More dangerous even than overt Russian military action is the current and mounting Russian economic offensive.

If we are to do more than undertake crash programs to meet immediate crises, if we are to attack the underlying economic facts which generate the problems of a great part of the world, a strong reciprocal trade program is an indispensable weapon. It is more than that. It is the best weapon that can be employed.

At the heart of our international problems are the economic problems with which many of our friends and allies and the uncommitted nations of the world are struggling.

To repudiate our traditional reciprocal trade program—and that is what is being proposed here—is to serve notice on the people of the world that they cannot expect responsible leadership, sympathetic understanding, or cooperation from us in meeting their problems.

I cannot state too strongly my conviction that these issues of foreign policy are ultimately at stake in this debate. However, the justification for reciprocal trade rests just as firmly on its advantages to our own economy.

It is sometimes said that this is a struggle between liberal trade advocates and protectionists. I believe that is a highly misleading comparison. The fact is reciprocal trade is by far greater

protection for the American economy than our high tariffs. I have pointed that out specifically so far as Wisconsin is concerned.

Far more jobs and far more businesses depend on foreign trade than are to be gained by so-called protectionism. What kind of protection is it which would sacrifice billions of dollars and millions of jobs in our economy in order to protect the far smaller economic interests of those who are demanding an abandonment of reciprocal trade?

Furthermore, what kind of protection is it which would sacrifice millions of jobs and billions of dollars of investment when there are other means available with which to protect these industries and to shift them into more lucrative and needed lines, in which they can operate more efficiently?

I cannot endorse such a version of "protection." I would not be serving the interests of my own State of Wisconsin or of the United States if I were to do so. The industries, the workers, and the farmers of Wisconsin have too great a stake in our exports of manufactured goods and of farm products to give them such ruinous "protection."

Nor is such a pennywise policy necessary to meet the just claims of those who have, in fact, been injured by foreign competition. The escape clause, national security, and peril-point provisions of the present law provide a wide range of protection for industries which can establish the reality of injury; and, when the national interest permits, relief is available.

In light of the economic benefits which we clearly derive from reciprocal trade and the imperative national security interest in the program, the consequences of weakening our policy now would be unthinkable.

The bill which won overwhelming bipartisan endorsement in the other House represented substantial concessions to protectionist sentiment—probably too many concessions. It increased congressional surveillance and control over trade policy by providing that a two-thirds majority of both Houses could override Presidential judgment on escape clause cases. It would permit raising tariffs 50 percent above the levels of 1934—that is, 50 percent above the levels of the Smoot-Hawley Act, which was the highwater mark of economic isolationism. It strengthened the national security clause to insure that no impact of international trade would imperil our security.

In my opinion, these House-approved provisions go well beyond the requirements for fair and equitable treatment of domestic industries which believe they are being impaired by import competition. Surely, there is no need for going still further in the direction of economic isolationism. Surely, there is no necessity for the kind of mutilating amendments which were adopted by a majority of the Senate Finance Committee and which, in blunt fact, would virtually destroy the reciprocal trade program.

These amendments would challenge the very heart of our traditional policy by taking away from the President all

real authority in escape clause cases. Clearly, competence to judge the requirements of the national interest, in foreign as well as domestic policy, rests with the President—not the Tariff Commission. The Commission, by law, does not work within such a frame of reference, nor is it supposed to do so. Yet, under the proposed committee amendment, the President would be required to obtain a concurrent resolution of both Houses of Congress in each instance, in order to overrule the Commission on considerations as to which his judgment must clearly be accepted as superior. The logic of this provision simply does not make sense; it should be overwhelmingly defeated.

The same conclusion must be reached with regard to the proposed amendment to the national security clause, requiring full consideration of the economic effect of imports on domestic industries. When Congress enacted the national security clause in 1955, it was giving explicit recognition to the significant difference between ordinary Tariff Commission cases which are judged on economic grounds and the few cases in which direct and substantial interests of national security are involved. The amendment to this provision now being proposed is a direct contradiction of that action of Congress and reduces it to meaninglessness. It says in effect, that any economic effect of imports should be taken into account as affecting our national security. If we adopt this amendment we are in reality writing a second escape clause, in the guise of national security. It loses all meaning as a special safeguard of the national interest, and becomes simply an encouragement to every business in the country to ask for special treatment—for there is not a business man who wants to escape competition who can not convince himself that he is essential to national security. One escape clause is enough in one law. This amendment should be rejected.

Finally, it is proposed that extension of the trade program should be limited to 3 years and the President's authority to reduce duties, for practical purposes, should be drastically curtailed. There are many reasons why this is an unsound amendment, a major one being the timetable for the creation of the European Common Market. But one of the most significant, in my view, is its psychological effect. Having in the amendments I discussed earlier reduced the trade program to a hollow shell—in fact, to an instrument for raising duties on virtually any commodity—this amendment now announces that we are not even willing to give solid approval to the tattered remnant by which certain import restrictions could be lowered in the national interest. This proposal can hardly fail to raise in the minds of our friends and allies real doubts as to the consistency and durability of our policies and purposes. Certainly, it gives the Soviets wonderful ammunition with which to encourage such doubts and worries among our friends.

There can be no doubt that we should encourage closer ties with our friends in the free world. If that is generally true,

heaven knows it is true tonight, a few hours after Marines have landed in Lebanon. I believe very often what determines whether legislation passes or fails in Congress is the fortuitous circumstance of timing—on what is going on in the world. It seems to me that Senators must be influenced deeply by the tremendous importance which has been demonstrated in recent days of tying the free world together as strongly as we can and basing the strength of the free world on America's economic strength, and on doing everything we can to encourage self-sufficiency throughout the free world and encouraging other nations to develop their economic strength. Certainly at a time when we are so close to war is no time for Congress to turn back to isolationism, or a philosophy which cuts us off from our friends in the free world.

Any amendment which the Senate adopts to the House Bill should be in the direction of encouraging closer ties with our friends abroad, not in the direction of estranging their commercial ties with us. At a very minimum, we should pass intact the bill which has already been so strongly endorsed by the other House. To do so is not to turn our back on those who have a legitimate claim for relief from the impact of foreign trade. Far from it. I am confident that as the Senator from Minnesota has said, more-than-equitable relief is possible within the provisions of that bill.

In cases where, in fact, tariff relief for a limited interest cannot be reconciled with the overriding national interest, there should be added provisions of the law to give alternative means of assistance. A trade adjustment program would provide this needed alternative, and I support legislation to create such a program and to help injured industries adapt and adjust to new economic opportunities when they cannot compete with imports.

I think that such an amendment to the bill—a substitute amendment, I might say—would be extremely constructive, as it would provide an alternative to permit injured industries to adopt and adjust to new economic opportunities when they cannot compete with imports.

I am genuinely concerned that the imperative national stake in reciprocal trade should be reconciled with equitable relief of workers and businesses which, however limited their interest, present real human problems. But the weakened and mutilated bill offered today makes no such reconciliation.

Shall I go back to Wisconsin and announce that I have jeopardized thousands of jobs in our heavy machinery and farm equipment industries, and the welfare of our farmers, in order to provide no apparent relief for jobs in other Wisconsin industries?

I know there is a claim made that the bill as reported will protect the plywood industry in Wisconsin. But that is a hollow claim, an empty claim, because, as we know, anyone who will recognize some of the facts can see that the bill does nothing for the plywood industry.

So the choice which the bill offers me makes it easy for me to reject it in its

present form. The harm it will do will far outweigh any gain.

The only responsible choice open to us is a 5-year extension of the reciprocal trade program, without crippling amendments. The interests of my State, as well as the national interest, require it. I will support such a bill.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD statements I have received from some of the outstanding citizens and responsible officials of companies and organizations of Wisconsin. In most cases they have the responsibility for providing thousands of jobs.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

WISCONSIN SUPPORTS RECIPROCAL TRADE

J. I. Case International, S. C., H. H. Bloom, president, Racine, Wis.:

"There is even greater need now for our world trade agreement program than in the past. With our productive capacity exports play a very important part in our economy and provisions for reciprocal arrangements are necessary.

"With the formation in the making of common market and free market trading areas by groups of nations in the world, it is in our own interests to support the proposed bill relating to trade agreements."

Dummann World Trade Co., Tassos C. Stamatelakys, Milwaukee, Wis.: "Mutual understanding among world's peoples rather than trying to buy friends abroad through our tremendous spending program is what we need in order to prevent disastrous wars. This can best be achieved by freer world trade. Protectionism is un-American, reaping only enmity toward us. Domestic gains obtained through protectionism would be illusory and insufficient."

The Parker Pen Co., Janesville, Wis.: "The extension of the reciprocal trade as proposed by the President is, in my opinion, absolutely essential. Foreign countries will buy from us only to the extent they can earn dollars by selling to us. I am in complete sympathy with those industries in the United States that have been economically undercut by lower-cost foreign imports, but we shouldn't forget that there are even more millions of people in this country who depend for their livelihood by engaging in international trade."

R. D. Hughes, district manager, Milwaukee, Wis.:

"Please be advised that I am wholeheartedly in favor of this extension because it will mean the continued protection of approximately 4,500,000 jobs of United States citizens engaged in the manufacture, selling, and servicing of United States exports and imports.

"I further believe in substituting trade for direct aid. It will further assist in holding down consumer prices by encouraging healthy competition."

Mercury Motors International, Valy Z. Smith, president, Milwaukee, Wis.:

"Replying to your letter of March 7, it is indeed unfortunate that there still are many people who see but a part of the two-way trade picture. Let's hope that their rank will thin like those who still believe that the earth is flat.

"If we facilitate foreign nations to earn dollars by selling their goods here, those dollars ultimately cannot be spent but again in this country for our goods and services, thus benefiting both countries. There is no other logic."

S. C. Johnson & Son, Inc., Richard O. Lang, regional director, international division, Racine, Wis.:

"The resources and markets of the rest of the world are needed to maintain and increase our American economy and our own living standards. The export of American industrial and agricultural products greatly influence the health and vitality of business activity in the whole country. We cannot export without providing for imports from foreign countries, unless we continue foreign aid at the expense of the American taxpayer. As we and other industrialized nations practice freer trade, so can we demonstrate to lesser developed countries the worth and workability of free enterprise as contrasted with government controlled enterprise."

Wisconsin Farm Bureau Federation, William KasaKaitas, executive secretary:

"Last year we exported the farm production of an area 6 times the cropland area of Wisconsin. Without exports that production would have overflowed our domestic market, already well supplied. Producers of manufactures for export are among farmers' best customers. To export we must import, and the importation of goods which are produced more efficiently and cheaply abroad is also profitable to us."

Marshall F. Browne, commercial printer, Madison, Wis.: "Countries, like men, prefer the dignity of reciprocal trade to any form of charity."

H. C. Brockel, municipal port director, Milwaukee, Wis.: "Milwaukee, with a growing stake in foreign trade, has a keen interest in extension of the Reciprocal Trade Agreements Act. Renewal of the act will aid in solving many of our supply and marketing problems; will help to build international friendship through trade; and serves the enlightened self-interest of our country."

Robert W. Baird & Co., Alan C. Hackworthy, resident partner, Madison, Wis.: "While the President's program on reciprocal trade agreements may result in hardships for some industries, I feel that the overall benefits will be far-reaching for the majority of industries, labor and the farmer. It should mean greater economic strength abroad, which, in turn, should mean greater strength at home through the trade which will result from the program."

Oscar Mayer & Co., Arval L. Erikson, economic adviser: "In respect to the extension of the reciprocal trade agreement, we believe that the major consideration should be the national interest rather than the complete avoidance of injury to a few industries and groups which suffer from increased import competition. Expanding world trade would be beneficial to our country and would help to strengthen its position in world affairs. At the same time, however, we feel that attention should be given to assisting in the transition, those industries most seriously injured by increased foreign competition, in order that a few will not have to bear the full cost of a program designed to benefit the Nation generally."

National Institute of Labor Education, Joseph Mire, executive director, Madison, Wis.:

"Some 5 million workers are employed in export industry as against 300,000 in industry affected by imports. Thus it is obvious that as a group low tariffs are better for workers than high tariffs."

"Those adversely affected by imports should, however, be assisted through retraining and other measures."

Friends Committee on Legislation, Illinois-Wisconsin, Mrs. Carol Urner, executive secretary: "We do believe that the development of freer trade and the mutual exchange of goods and services are important factors in achieving economic and political stability, and in turn, world peace. We support reduction of tariffs and trade barriers,

extension of the reciprocal trade program for long periods, removal of escape clauses from the Trade Agreements Act, and participation of United States in the Organization for Trade Cooperation. We also recognize the responsibility of our Government to give temporary financial aid to workers, industries, or communities hurt by tariff cuts, during their periods of readjustment."

Wisconsin State Industrial Union Council, Charles M. Schultz, president:

"Organized labor in America has traditionally supported the lowering of trade barriers because so many wage earners are dependent on foreign trade for their livelihood. Here in Wisconsin foreign trade makes up an enormous share of the total amount of manufacturing.

"Workers in some industries, however, have been adversely affected by foreign imports, and we in the Wisconsin CIO believe that measures should be taken to help the casualties of foreign trade.

"In the long run, there is no doubt in the mind of labor leaders in Wisconsin that increased foreign trade will help open up new markets for the products of American industries and that is why we wholeheartedly support the reciprocal trade program now before the Congress."

Milwaukee Association of Commerce, Lester S. Olsen, president: "Termination of the reciprocal-trade agreements in July could lead to serious economic problems in the international field that would adversely affect our domestic economy. Except for a few isolated cases of hardship, Milwaukee and Wisconsin commerce, industry, and agriculture have benefited over the past 24 years under the Reciprocal Trade Act. There is every reason to believe that these benefits will continue in the future."

The Wisconsin Federation of Business and Professional Women's Clubs, Inc., Mrs. Erma Romanik, State legislation chairman: "Because of the urgent need for world economic cooperation it is very important that trade among nations be expanded and stable."

Waukesha Motor Co., Max Hofmann, export manager: "I urge Congress to extend the Reciprocal Trade Agreements Act for 5 years because I sincerely believe that the United States has much more to gain than to lose from free and expanding world trade."

Brewery Workers Local Union No. 9, John W. Schmitt, recording secretary, Milwaukee, Wis.:

"Please be advised that Brewery Workers Local Union No. 9 of Milwaukee, Wis., supports the position taken by the League of Women Voters with respect to requesting Congress that the Reciprocal Trade Agreements Act, which expires June 30, 1958, be extended for 5 years.

"We in the Brewery Workers Union support the reciprocal trade agreements program because it is the only practical way to keep open the channels of trade for all nations. Milwaukee's industry and wage earners, like any other industries and wage earners throughout the country, depend on the sale of American products in overseas markets. Purchase of our goods by foreign countries is, of course, dependent on those countries having capital. In most instances, this capital is obtained by foreign nations selling their products in the American market.

"Organized labor, however, believes that the reciprocal trade agreements program must be coupled with a program to protect our workers who suffer from foreign contract preference in starting new enterprises, and by other programs. In the long run, as wage earners we recognize that foreign trade helps everybody. Trade barriers only raise prices artificially, which we as consumers must pay."

Caterpillar Tractor Co., William Blackie, executive vice president, Milwaukee, Wis.: "The need for extending the Trade Agreements Act is imperative; and the existence

of a temporary downturn in our economy must not be allowed to obscure that vital fact. Anything less than a wholly effective extension of the reciprocal-trade program would be to play into the hands of our enemies—to the detriment of ourselves and our friends. This is much more than a dispute between freetraders and protectionists. It is not a case of one vested interest against another; or of Democrat versus Republican. Nor is it a matter of watches, bicycles, cheese, or clothespins, oil, lead, or zinc, or tractors. It transcends all these and ranks with military preparedness in this day of the intercontinental ballistic missile. We must complement the weapons of war with the weapons of peace—and the greatest of these is international trade honorably conducted among free peoples."

General Steamship Agencies, Inc., H. G. Bethune, Jr., president, Milwaukee, Wis.:

"As I have expressed before it is my firm conviction that extension of the Reciprocal Trade Agreements Act is absolutely essential if United States manufacturers are to maintain or expand their overseas markets, and this is more true now than ever before in view of the formation of the European Common Market.

"It is necessary that we buy their products in order to supply them with the dollars they need to buy our exports. High protection tariffs or trade barriers cause the loss of many more man-hours of labor than they can save or protect."

From statement by Mortimer E. Graham, submitted to the House Committee on Ways and Means via the Thilmany Pulp & Paper Co., Kaukauna, Wis.: "The paper industry is a low tariff industry. Under reciprocal trade agreements its tariff schedule has been lowered. Under these circumstances it might justifiably argue, from a viewpoint of self-interest, that reductions have gone far enough, and that legislative authorization for further reduction through extension of the Trade Agreements Act is not warranted. However, this industry neither reasons from that viewpoint nor reaches that conclusion. Our industry is confident that negotiations promoting international trade through the elimination or reduction of tariff and other import barriers in foreign countries against paper and paper products should be encouraged."

WKBH-WKBT, La Crosse, Wis., Howard Dahl, manager: "Feeling that promotion of the export business of the United States, this year totaling \$30 billion (military excluded) and employing 4½ million of our labor force, is essential to this country's economy, I am strongly in favor of (1) the 5-year extension of the reciprocal trade agreements as requested by the President; (2) the renewal of the reciprocal trade agreements without the crippling amendments now being proposed; (3) membership of the United States in the Organization for Trade Cooperation (OTC), the proposed secretariat which would serve as clerical staff and clearing house for the trade negotiations."

Mr. PROXMIRE. Mr. President, these persons have made excellent statements in warm support of a reciprocal-trade program which is not crippled by the kind of amendments which the Committee on Finance has seen fit to adopt.

With respect to the statement from Mr. John W. Schmitt, recording secretary of Brewery Workers' Local Union No. 9, Milwaukee, Wis., I think it is no secret in the United States that the Brewery Workers' Union has more members in my State of Wisconsin than in any other State in the Union.

Also, with respect to the statement by Mr. William Kasa Kaitas, executive secretary of the Wisconsin Farm Bureau

Federation, the Wisconsin Farm Bureau Federation is the largest farm organization in the State. I find myself frequently in disagreement with the Farm Bureau Federation, but sometimes we agree, and in this case we enthusiastically agree.

Mr. President, thousands upon thousands of Wisconsin jobs are at stake in the bill now being considered by the Senate. I wish to put the citizens of Wisconsin cities and towns on notice that if the bill shall be passed in its present form it will mean more unemployment. If the bill shall be amended and improved, it will mean less unemployment in those cities and towns.

In Milwaukee alone more than 100 firms would be hurt if the bill were passed. In each of those firms there will very probably be a serious drop in sales and a substantial curtailment of jobs. Men and women will be thrown out of work.

The same is true in every other city and town of the State.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a list of only a few of the many Wisconsin companies in which jobs depend in part on foreign trade.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

A FEW OF THE MANY WISCONSIN COMPANIES WHOSE JOBS DEPEND IN PART ON FOREIGN TRADE

ALGOMA

Algoma Foundry & Machine Co. Export: Agricultural equipment, excluding tractors.
Algoma Net Co. Export: Hammocks, baby swings, etc.

APPLETON

Advance Car Motor Co., Inc. Export: Railroad transportation equipment and parts.

Fox River Tractor Co. Export: Forage harvesters.

Miller Electric Mfg. Co. Export: Electric arc and spot welding equipment.

Scolding Locks Corp. Export: Hairpins.

ASHLAND

J. A. Baldwin Manufacturing Co. Export: Oil filter elements.

BARABOO

Gunnison Manufacturing Co. Export: Asphalt distributor, street flusher.

Northern Engineering Co. Export: Transformers.

BELOIT

Fish Equipment Co. Export: Revolving tray bake ovens.

Lipman refrigeration division. Export: Refrigeration equipment, household gas stoves, heaters.

Yates American Machine Co. Export: Woodworking machinery.

BRILLION

Brillion Iron Works. Export: Agricultural equipment.

BURLINGTON

Wagner Specialty Co. Export: Dairy supplies, barrel faucets, specialties.

CLINTONVILLE

The Four Wheel Drive Auto Co. (M. H. Anunson, export manager). Export: Four and six-wheel drive motor trucks, 2- to 25-ton capacity, highway and public utility line construction tools, machinery, fire engines, etc.

CUDAHY

George J. Meyer Manufacturing Co. Ex-

port: Bottling washing, bottle filling and pasteurizing equipment.

Presto Color Co. Export: Industrial chemicals other than alcohol.

EAU CLAIRE

Lange Canning Co. Export: Canned goods. Hutchens Industries, Inc. Export: Motor vehicle parts.

White Machine Works. Export: Cylinder sleeves and assemblies, pistons, rings, valves.

EVANSVILLE

Baker Manufacturing Co. Export: Windmills and pumps.

FOND-DU-LAC

American Motor Products Co. Export: Ignition parts.

Canvas Products Corp. Export: Miscellaneous industrial materials and manufactured commodities.

Fred, Rueping Leather Co. Export: Upper side shoe leather, raw hides.

Northern Casket Co. Export: Caskets.

FORT ATKINSON

James Manufacturing Co. Export: Incubators, dairy-farm equipment, metal silos and windows, grain keepers, ventilation equipment.

GREEN BAY

American Rennet Co. Export: Rennet powder and liquid.

Diana Manufacturing Co. Export: Sanitary napkins.

Hudson Sharp Machine Co. Export: Aniline printine presses, Campbell wrapping machines.

The Larsen Co. Export: Canned vegetables.

Norcor Manufacturing Co., Inc. Export: Steel folding chairs and tables and school desks.

Northern Paper Mills. Export: Box and cellophane folded, toilet paper, paper.

Random Veterinary Products, Inc. Exports: Veterinary items for cattle.

HUDSON

United Refrigerator Co. Export: Reach-in refrigerated cabinets, ice cube and upright freezers, beer coolers and dispensers.

HUSTISFORD

Rein Leitzke Manufacturing Co. Export: Agricultural hardware.

IXONIA

Farmwell Welded Products Co. Export: Agricultural spraying equipment.

JANESVILLE

Hough Shade Corp. Export: Venetian blinds porch screens, window shades, porch shades, flexible doors.

The Parker Pen Co. Export: Fountain pens and mechanical pencils.

KENOSHA

Ashmus Equipment Sales Corp., 7824 41st Avenue. Export: Machinery.

Coopers, Inc., Export: Hosiery, sportswear, sweaters, men's underwear.

Macwhyte Co. Export: Wire ropes, internally lubricated wire rope, preformed wire rope, special traction elevator rope, braided wire rope slings, tie rods, hifatigue cable and safelock cable assemblies for aircraft, fishing leading wire, trolling strand and rope wire.

Peter Pirsch & Sons Co. Export: Fire engines and equipment.

Snap-On Tools Corp. Export: Mechanics' hand tools.

KIEL

Stoelting Bros Co. Export: Milk pasteurizers, milk receiving and weighing equipment.

KENOSHA

Thompson, L. C. & Sons, Inc. Export: Sanitary fittings, pumps.

Tri Clover Machine Co. Export: Stainless steel pumps and fittings.

The Vincent-McCall Co. Export: Upholstered headboard beds, mattresses, box-

springs, bedsprings, sofas and studios, roll-away cots, porch and lawn wheel chairs.

KOHLER

Kohler Co. Export: Plumbing supplies and fixtures.

LA CROSSE

La Crosse Cooler Co. Export: Dry storage bottle coolers, ice cube makers, beer coolers, reach in refrigerators, walk in coolers, sink combinations.

Pyroil Co. Export: Gasoline and motor oil additives.

The Trane Co., Second and Cameron Avenue. Export: Trane Centra Vac, centrifugal water-chilling unit for air-conditioning and refrigeration systems, steam specialties, air conditioning, unit heaters, etc.

MADISON

American Scientific Laboratories, Inc. Export: Veterinary health products.

Ben H. Anderson Manufacturing Co., 51 North Dickenson Street. Export: Milkers.

Blaney Seed Co. Export: Seeds, hybrid corn, and cereals.

Celon Co. Export: Bottle caps, cellulose seals.

Gisholt Machine Co., Eugene A. Coombs, 1245 East Washington Avenue. Export: Turret lathes, automatic lathes, superfinishers, balancing machines, special machines.

Heldbrink Co. Export: Anesthesia apparatus and appliances.

Kreiselman. Export: Resuscitators.

Madison Plow Co., 131 Fair Oaks Avenue. Export: Plows.

Sanna Dairies, Inc., 122 West Mifflin Street, Madison. Export: Dried milk and other dairy products.

Specialty Battery Co., 212 East Washington Avenue. Export: Batteries.

Sub-Zero Co. Export: Commercial and domestic freezers and milk coolers.

MANITOWOC

Newton Mowers. Export: Mowing machines, tractor drawn.

Wisconsin Aluminum Foundry Co., Inc. Export: Canning machinery and parts, pressure cookers, retorts, sealers.

Aluminum Specialty Co. Export: Aluminum kitchen ware.

Invincible Metal Furniture Co. Export: Steel office furniture.

Smalley Manufacturing Co. Export: Agricultural implements, hammer mills.

MARINETTE

Ansul Chemical Co. Export: Industrial chemicals, methyl chloride and sulfur dioxide, refrigerants, dry-chemical fire extinguishers.

Marinette Knitting Mills, Pierce Avenue. Export: Knitted outerwear.

MARSHFIELD

The Johnson Co. Export: Sports jackets and rainwear.

MENOMONEE FALLS

Sturdy Bilt Equipment Corp. Export: Motor vehicle parts.

MENASHA

Wisconsin Container Corp., Sixth and Milwaukee Streets. Export: Corrugated and solid fiber shipping containers.

MILTON

The Burdick Corp. Export: Infrared and ultraviolet lamps, diathermy and electro surgical units, low voltage generators (medical rhythmic constrictors, radiant heat bakers, electrocardiographs. Import: Technical medical equipment.

OSHKOSH

Oshkosh Motor Truck, Inc. Export: Four-wheel-drive trucks.

Montra's, Inc., 327 Seventh Street. Export: Automotive speedometer sealing devices.

Leach Co. Export: Enclosed compressor type refuse collection vehicle, silo unloader, barn cleaner.

Universal Motor Co. Export: Motor vehicles, engines and parts, marine engines and electric generating sets.

PORT WASHINGTON

Simplicity Manufacturing Co. Export: Garden tractors and implements.

RACINE

Howard Industries. Export: Motors and dynamotors.

S. C. Johnson & Sons, Inc. Export: Polishes and waxes.

Webster Electric Co., Clark and DeKoven Avenues. Export: Pickups and cartridges, intercommunication equipment, public address equipment. Fuel units, ignition transformers, thermdrive (variable speed pulley), magnetic recording heads, wire recorders.

MILWAUKEE

Allen Bradley Co. Export: Motor starting switches, limit switches, float switches, push button controls, relays, rheostats, speed regulators, carbon resistors, and potentiometers.

Allis Chalmers Manufacturing Co., 864 South 70th Street. Export: Electric motors, starters, generators, switchgear, transformers, rectifiers, belt drives, etc.

The Louis Allis Co. Export: Frequency converters.

American Lace Paper Co., 4425 North Port Washington Avenue. Export: Dental goods.

AmpCo Metal Inc., 1845 South 38th Street. Export: Cast, rolled and wrought bronzes, centrifugal pumps, plug valves, arc welding electrodes, safety tools.

A-P Controls Corp., 2450 North 32d Street. Export: Refrigeration expansion valves, electric solenoid refrigerant and water valves, regulating valves, check valves, filters, filter driers, controls and regulators for vaporizing oil burners and water heaters, gas controls.

Arkay Laboratories. Export: Dryers, easels and print washers.

Associated Bag Co., 605 South First Street. Export: Bags, burlap and cotton.

Automatic Products Co., 2450 North 32d Street. Export: Oil heating and solid fuel control equipment.

Barco, Inc., Box 1222. Import: Electronic and radio components.

Blackhawk Manufacturing Co., 5325 West Rogers Street. Export: Hydraulic jacks, power equipment, socket wrenches.

Blatz Brewing Co., 1120 North Broadway. Export: Beer.

C. P. Bossert Co., 1751 North 49th Street. Export: Miscellaneous iron and steel manufactures.

Brierley Neckwear Co., 617 North Second Street. Export: Neckwear.

Briggs & Stratton Corp. Export: Auto equipment and gasoline engines.

Bucyrus-Erie Co., Robert T. Craig, P. O. Box 56. Export: Cranes, draglines, excavators, hydrocranes, power shovels, clamshell buckets, etc.

Bucyrus-Erie Co., 1100 Milwaukee Avenue. Export: Power shovels, excavators, cranes, well drills, drilling tools.

Carbolineum Wood Preserving Co., 528 West Highland Avenue. Export: Termite repellent and insecticide.

C. H. & E. Manufacturing Co., 3849 North Palmer Street. Export: Contractors' equipment including saw rigs, centrifugal pumps, diaphragm pumps, jetting pumps, road rollers, hoists, bar cutters, bar benders.

Centralab, 900 East Keefe Avenue. Export: Electrical equipment.

Charter Wire Co. Export: Stitching wire.

Federal Manufacturing Co. Export: Fillers and cappers for dairy industry.

Foster Forbes Glass Co., 2526 North 32d Street. Export: Glass.

A. F. Callum & Sons Corp., 1818 North Water Street. Export: Leather and leather products.

Globe-Union, Inc., 900 East Keefe. Export: Storage batteries, spark plugs, radio components.

Globe Steel Tubes Co., 3839 West Burnham Street. Export: Boiler tubes.

Hansen Glove Corp., 715 North Van Buren Street. Export: Leather, fabric, and wool gloves.

Harley-Davidson Motor Co., 3700 West Juneau Avenue. Export: Motorcycles, sidecars, and spare parts.

Harnischfeger Export Corp., 4329 West National Avenue. Export: Diesel engines, power cranes, and shovels.

The Heil Co., 3000 West Montana Street. Export: Road machinery, petroleum, milk transport tanks, truck dump bodies and hoists, oil burners, boilers and furnaces, pumps.

S. Heller Elevator Co., 240 North Milwaukee Street. Export: Elevators.

The Hilton Co., 12300 West Lisbon Avenue. Export: Aluminum ladders.

Holeproof Hosiery, 404 West Fowler Street. Export: Hosiery.

Jambor Tool & Stamping Co., 3059 North 30th Street. Export: Automobile parts and supplies.

Johnson Service Co., 507 East Michigan Street. Export: Automatic controls for heating, ventilating industrial processes.

Kay Bee Machine Products Co., 3637 South Ellen Street. Export: Electric supplies.

Kearney & Trecker Corp., 6784 West National Avenue. Export: Milling machines, machine tools, precision boring equipment, etc.

Kempsmith Machine Co., 1819 South 71st Street. Export: Milling machines.

Kepec Chemical Corp., North Fourth Street. Export: Industrial chemicals other than alcohol.

Koehring Co. Export: Construction, mining, and conveying equipment.

Cleaver-Brooks Co., 326 East Keefe Avenue. Export: Oil fired and hot water boilers, oil burners.

Chain Belt Co. Export: Mining, construction, and industrial equipment, road pavers, concrete mixers, power transmission equipment, sprockets for drives, etc.

Crystal Fluid Filter Co., 2231 North 17th Street. Export: Industrial and residential water filters.

Cudahy Bros. Pan-American Co. Export: Meat packers.

Cutler-Hammer, Inc. Export: Industrial motor control, low voltage distribution apparatus, gas measuring and mixing control, temperature controls, electrical products, generators, switches, switchboards, etc.

Deep-Vue Corp. Export: Three dimensional viewers, mounts, and carrying cases.

Diamond Ink & Adhesive Co., 216 South Second St. Export: Ink.

The Electronic Secretary Industries, 805 South Fifth Street. Export: Electronic Secretaries, electronic products.

Empire Corp. Export: Generators and motors, lighting plants.

The Falk Corp., 3001 West Canal Street. Export: Gears, speed reducers, marine drives.

Charles A. Krause Milling Co. Export: Cornmeal, cornflour, and corngrits.

Kremers-Urban International Corp., 141 West Vine Street. Export: Various ethical pharmaceutical specialties.

Kriby-Cogeshall Steiman Co., 605 East Claybourn Street. Export: Labels.

Lakeside Laboratories, Inc., 1707 East North Street. Export: Pharmaceuticals.

Laukhoff Manufacturing Co. Export: Card and paper shear cutters.

J. Laskin & Sons Corp., 3728 North Fratney Street. Export: Sheepskins.

Line Material Co., 700 West Michigan Street. Export: Electrical utility equipment.

Master Lock Co., 2600 North 32d Street. Export: Padlocks, hasps.

NEW HOLSTEIN

Meili-Blumberg Corp. Export: Motor graders, line marking machines.

MILWAUKEE

Midwest Overseas Trading Corp., 647 West Virginia Street. Export: Agricultural implements. Import: Woolgreases, lanolin, tanning chemicals.

Miller Brewing Co., 4000 West State Street. Export: Beer.

Milwaukee Brush Manufacturing Co., 2236 North 30th Street. Export: Brush manufacturers.

Milwaukee Forge & Machine Co., 1532 East Oklahoma Avenue. Export: Forgings and castings.

Milwaukee Hydraulic Products Corp. Export: Jacks, hydraulic, garage.

Milwaukee Label & Seal Co., 261 East Erie. Export: Labels.

Milwaukee Lace Paper Co., 1306 East Meinecke Street. Export: Paper and paper products.

Milwaukee Stamping Co., 800 South 72d Street. Export: Toilet partitions metal.

Monarch Manufacturing Co., 333 East Chicago Street. Export: Leather, woolen, cotton garments.

Mueller Climatrol, 2005 West Oklahoma Avenue. Export: Coal, oil- or gas-fired warm air furnaces, boilers.

National Enameling & Stamping Co., 270 North 12th Street. Export: Enamel manufacturers, galvanized utensils, kerosene stoves, etc.

J. M. Nash Co., 2360 North 30th Street. Export: Woodworking machinery.

Nesco, Inc., 947 West Saint Paul Avenue. Export: Stoves, enameled household utensils, galvanized housewares, electric roasters.

Nordberg Manufacturing Co., 3073 South Chase Avenue. Export: Diesel, gasoline, and steam engines, mine hoists, compressors, crushers, grinding mills, kilns, power tools.

Northern Light Co., 1657 North Water Street. Export: Fluorescent lighting fixtures.

Northwestern Weiss Manufacturing Corp., 1433 North Water Street. Export: Store fixtures, cabinets, architectural woodwork.

Nitragin Co., Inc., 3747 North Booth Street. Export: Nitrogenous fertilizers.

Nunn-Bush Shoe Co., 2822 North Fifth Street. Export: Men's shoes.

Joseph Obenberger & Son, 155 South Barclay Street. Export: Industrial cars.

Pabst Brewing Co., 917 West Juneau Avenue. Export: Beer.

Panel Manufacturing Co., Inc., 102 East Walnut Street. Export: Graphitoid lubricant and marine retrieving devices.

Paul-Lewis Laboratories, Inc., 4253 North Port Washington Avenue. Export: Chemicals, enzymes. Import: Botanicals.

Perfex Corp., 500 West Oklahoma Avenue. Export: Automatic temperature controls, industrial engine radiation, engine equipment.

Phoenix Hosiery Co., 320 East Buffalo Street. Export: Men's, women's, and children's hosiery.

Pioneering Manufacturing Co., 1910 South 81st Street. Export: Tractors, milking machines.

R. C. Can Co., 9430 Page Avenue. Export: Fiber cans, tubes, cores, spools.

Red Star Yeast & Products Co., 221 East Buffalo Street. Export: Yeast and yeast foods, baking powder, malt syrup.

Rexford Paper Co., 1715 West Canal Street. Export: Gummed paper.

Jos. Schlitz Brewing Co., 235 West Galena Street. Export: Malt liquors.

Sengrusch Self Closing Inkstand Co. Export: Dip pen desk sets, ink stands, moisteners, Klera-desks.

Chas. H. Stehling Co., 1303 North Fourth Street. Export: Industrial machinery, NEC.

Sterling, Inc., 8738 North Holton Street. Export: Heating specialties, temperature controls, vacuum heating pumps, etc.

Strobo Research Laboratories. Export: Studio and portable flash equipment.

A. O. Smith Corp., Post Office Box 2023. Export: Steel products, building products, brick, blocks, cement, plaster, marble, limestone, tile, equipment for chemical and petroleum industries, pumps and industrial equipment, heating equipment water heaters, pumps, welding electrodes and machines, gasoline dispensing pumps, electric motors, air conditioners.

Smith Engineering Works, 532 East Capitol Drive. Export: Crushers, screens, equipment for mines and quarries.

T. L. Smith Co., 2835 North 32d Street. Export: Construction equipment.

J. W. Speaker Corp., 3059 North Weil Street. Export: Motor vehicle parts.

Square D. Co., 4041 North Richards Street. Export: Electric motor controls.

Lawrence M. Stein Co., 7017 Cedar Street. Export: Machinery.

Taylor Dynamometer & Machine Co., 528 West Highland Avenue. Export: Dynamometers, precision drills, balancing machines.

Trico Fuse Manufacturing Co., 2948 North Fifth Avenue. Export: Plug and cartridge type fuses, fuse pullers and clamps, oiling devices.

Albert Trostel & Sons Co., 1776 North Commerce Streets. Export: Leather, tanning machinery, leather finishes, tanning oils, and chemicals.

Unit Crane & Shovel Corp. Export: One-half and three-quarter cubic yard crawler shovels, mobile and truck cranes, 5 to 20 ton capacity.

Western Hardware & Specialty Manufacturing Co., 3830 North Fratney Street. Export: Tools.

Western Leather Co., 904 East Pearson Street. Export: Leather welting, innersoles, leather and fiber shoe counters, leather, and leatherboard heels.

Western Rawhide & Belting Co., 1500 West North Avenue.—Export: Belting, mechanical.

David White Sales Co., 315 West Court Street. Export: Camera, three dimensional, architects' and engineers' instruments.

Wisconsin Motor Corp., 1910 South 53d Street. Export: Gasoline engines, air-cooled gasoline engines.

Wrought Washer Manufacturing Co. Export: Steel-wrought washers.

Vapor Blast Manufacturing Co., 3025 West Atkinson Avenue. Export: Sand-abrasive cleaning.

Video Camera Sales. Export: Stereo camera.

The Vilter Manufacturing Co., 2217 South First Street. Export: Refrigeration and air conditioning equipment.

Velvac, Inc., 3530 West Pierce Street. Export: Vacuum and hydraulic power braking.

RACINE

Twin Disc Clutch Co., 1328 Racine Street. Export: Industrial friction clutches, marine gear, hydraulic couplings.

Famco Machine Co., 18th and Holburn Streets. Exports: Power presses, arbor presses, drill presses, air presses, foot presses, power squaring shears, foot squaring shears, metal cutting bandsaw machines.

Webster Electric Co. Export: Ignition transformers and fuel pumps for oil burners.

Ajax Auto Parts Co. Export: Bolts, nuts, screws.

Young Radiator Co., 709 South Marquette Street. Export: Heat transfer products.

George Gorton Machine Co. Export: Pantograph machines.

The Dumore Co. Export: Precision tool post lathe grinders, hand grinders, precision drills, flexible shaft tools, electric floor polishers, fractional horsepower motors.

American Machine Works. Export: Wire stitching machines.

Tree Tool & Die Works, 1600 Junction Avenue. Export: Milling machines and attachments.

George Gorton Machine Co. Export: Milling machines.

S. C. Johnson & Son, Inc. Export: Manufacturers of metal working lubricants and coolants, compounds and oils.

Howard Industries. Export: Farm lighting plants.

J. I. Case Co., 700 State Street. Export: Agricultural tractors, machinery, and implements.

The Electrical Manufacturing Co. Export: Electrical conversion kits for sewing machines.

Jacobson Manufacturing Co. Export: Pumps.

Tri-Line Co. Export: Concrete cutters.

Cyclone Motor Corp., 1760 State Street. Export: Fractional horsepower motors and electric generator sets.

Agicide, Inc., 1600 Junction Avenue. Export: Insecticides, fungicides, etc.

RHINELANDER

Rhineland Paper Co. Export: Glassine, greaseproof, and modern packaging, coated grades.

RIPON

Manifold Hot Spot Corp., 442 Scott Street. Export: Automotive gasoline manifold vaporizers.

SHEBOYGAN

Engineering Mfg. Co. Export: Drafting room and engineer's equipment.

The Vollrath Co. Export: Enameled ware and stainless steelware, household and institutional.

Sheboygan Machine Co. Export: Endless bed sanders.

Bemis Manufacturing Co. Export: Toilet seats.

STURGEON BAY

The Handilite Co. Export: Electrical apparatus.

SUPERIOR

Superior-Lidgerwood-Mundy Corp. Export: Gasoline, electric diesel, steam-driven hoists, derricks, special cranes, marine auxiliaries.

TWO RIVERS

Paragon Electric Co., 1600 12th Street. Export: Time switches and time controls.

Schwartz Manufacturing Co. Export: Filters and discs, cotton.

WATERTOWN

Dairy Lane, Inc. Export: Evaporated and condensed milk powders, cheese.

Kusel Dairy Equipment Co. Export: Cheese-making machinery, pasteurizers, coolers.

Brandt Automatic Cashier. Export: Automatic money changers.

WAUKESHA

Hein Werner Corp. Export: Motor vehicle parts.

Waukesha Motor Co. West St. Paul Avenue. Export: Heavy duty industrial and automotive type internal-combustion engines for operation on gasoline type power units, or diesel fuels in 10 to 575 horsepower range, normal aspiration or turbo supercharged, driven railway passenger car electro generating and air conditioning units.

Century Engineering. Export: Hydraulic spreader for dump trucks.

WEST BEND

West Bend Aluminum Co. Export: Appliances, cookware, giftware, gasoline engines.

Wesbar Stamping Corp. Export: Hub caps. Gohl Bros. Manufacturing Co. Export: Farm machinery.

WISCONSIN RAPIDS

Consolidated Water Power & Paper Co., plastic products division. Export: Decorative laminated plastic panels.

Prentiss Wabers Products Co. Export: Kerosene and gasoline stoves, fuel oil circulating heaters.

WAUSAU

Wausau Iron Works. Export: Sand and gravel spreader.

Mr. PROXMIRE. Mr. President, if the Senate passes the bill as reported by the committee, it will gut our entire trade program. The effects on the economy of the United States and on the economy of Wisconsin will be disastrous. People will be thrown out of work in every part of the State. Hundreds could lose their jobs in Green Bay, hundreds in Janesville. Unemployment in cities like Racine, Sheboygan, and Madison, our capital city, could grow as our foreign trade shrinks. In the Milwaukee area, thousands upon thousands of workers will be walking the streets searching for jobs to replace the positions which they used to hold in companies producing machinery, farm equipment, chemicals and an endless number of other products for export. If a protectionist trade bill is passed, thousands upon thousands of workers will add their names to the already tragically swollen lists of the unemployed. No one can calculate how great will be the losses to the businessmen of Wisconsin.

We as a nation need a good foreign trade program; the people of Wisconsin need foreign trade. I will do all I can to make certain that the Senate passes an adequate program for foreign trade.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). Without objection, it is so ordered.

Mr. GORE. Mr. President, it should now be clear to everyone that the nations of the free world face a serious challenge from Soviet communism. Events of the past few months have brought into sharp focus Russian progress in the field of scientific and military technology.

Mr. President, the overthrow, this week, of another friendly government in the Middle East tragically demonstrates that the Russians mean business in the cold war. We simply cannot and must not withdraw into isolation. To do so would be to invite defeat in the cold war; to do so would be to leave the Russian Communists uncontested in their attempts at world domination; to do so would soon lead to the economic and political isolation of the United States, and might soon leave us friendless. In such a state, our own freedom would be in dire jeopardy.

The challenge we face, however, is not limited to the threat of military aggression. Mr. Khrushchev has openly boasted that the communistic economic system is superior to our own, and that, in time, the uncommitted nations of the world will see that this is so. While the economic challenge has not been drama-

tized, as by the launching of a sputnik or by a revolutionary seizure of the government of a friendly country, it is, nevertheless, real. Mr. Khrushchev issued the challenge publicly last fall, when he said:

We declare war upon you . . . in the peaceful field of trade.

Not only did Mr. Khrushchev declare economic war upon us; he openly boasted that Soviet Russia would win.

Inquiries have been made to determine just how we stand in the race for development of ballistic missiles, and what should be done about it. These inquiries have served a useful purpose; and I am sure the American people, given adequate leadership, are willing to do what needs to be done to insure military strength adequate for national security. But we must not neglect other matters that are equally important in the struggle for the survival of free civilizations.

National security and public welfare require that we do the things which will promote our economic strength here at home and will contribute to improved economic conditions in nations who are allied with us in the struggle for freedom.

One of the things we must do is to take steps to preserve and promote mutually beneficial trade between free nations. Our principal means of doing this is through the reciprocal-trade program. This program, one of the outstanding achievements of my fellow Tennessean, Cordell Hull, stands in danger. It has expired, and the Congress must take positive action to extend it. It has passed the test of time, serving the country well during the administration of two Democratic Presidents and one Republican President. It is just as important today as it was when it was started in the mid-1930's. Perhaps today it is even more important.

The Trade Agreements Act of 1934, as originally enacted and in the form in which it has been extended upon several occasions, authorizes the President to enter into agreements with other nations under which we agree to eliminate certain specific trade barriers in return for a commitment by the other nations participating in the agreement to eliminate or reduce their own trade restrictions. The program is designed to be truly reciprocal—truly two-way trade.

The law has always contained strict limits on the extent to which the President may go in reducing tariffs by such agreements, and it also directs that any agreement contain an escape clause under which we may abrogate the agreement if any American industry is unduly injured thereby. A great deal of misinformation has been disseminated about this program. Some would have us believe that it is a sort of giveaway deal under which we eliminate all of our tariffs unilaterally, for the benefit of other countries—a sort of sly method of transferring the jobs of American men and women to foreign countries. Nothing could be further from the truth. The real purpose of the program is to increase mutually advantageous trade among the nations of the world by reducing artificial

trade barriers. Insofar as we ourselves are concerned, it has meant the promotion of increased trade, exports as well as imports.

Mr. President, since passage of this act, our Government has taken the lead in trying to bring about conditions leading to more international trade. The issue is whether or not we should continue these efforts. Is increased trade good or is it bad? To me, the evidence is overwhelming that we profit in many ways from increased trade with other countries.

Some of the countries friendly to us must trade in order to live. If they cannot trade with us, they will trade elsewhere. Moscow is always eager to send trade missions to any country which will receive them. The Masters of the Kremlin think nothing of denying their own people various types of consumer goods in order that these items may be available for shipment in foreign trade. They know that political ties follow the trade routes. The pattern of their operations is all too familiar. Trade missions are followed by economic technicians, who are, in turn, followed by military advisers and military aid. Sooner or later, there is another Communist satellite country. I do not wish to minimize in any way whatsoever this important aspect of an enlightened foreign trade program.

But even if security and such foreign policy considerations were not present, if we consider only the impact upon our own economy, we find that we have a tremendous stake from a dollar and cents standpoint in a further expansion of foreign trade.

A look at the record will demonstrate what has happened since our reciprocal trade program started. In 1935, when it was just getting under way, our imports of merchandise were valued at \$2 billion. By 1957 they had increased to about \$13 billion. But while we were experiencing an increase in imports of about 500 percent, our exports of merchandise had climbed from \$2.3 billion to about \$19½ billion, an increase of about 700 percent.

Critics of foreign trade are always talking about jobs in industry which are allegedly lost because of imports. They neglect to mention all the jobs which are made possible by our exports. There is one simple rule in any consideration of foreign trade that cannot be avoided: If we sell, we must buy. We were able, in 1957, to sell about \$19½ billion worth of merchandise abroad, while receiving about \$13 billion in imports. We must face the fact that we cannot expect to continue to export in this volume, much less, expect to expand our exports, unless we are willing to permit imports.

How important is foreign trade to our economy? Last year our gross national product was about \$414 billion. We disposed of 4.5 percent of that total in the markets of the world. Four and five-tenths percent does not sound like a very large figure, but when compared with other items which make up the gross national product, some appreciation of the magnitude of our export trade may be established. For example, in 1956, the value of all nonfarm residential construction in the United States was \$16.5 billion, approximately \$3 billion less than

the value of our exports. In 1957, our total income from corporate dividends was \$12 billion, less than two-thirds the value of our exports. Exports make up 9 percent by value of our production of movable goods, 8 percent of manufactured goods, 26 percent of construction and mining equipment, 19 percent of trucks, 11 percent of machine tools, 14 percent of our coal production, and 20-40 percent of our cotton, rice, and tobacco.

We must place in proper perspective the enormous stake we have in export trade. This past year we experienced a slight decline in residential construction which had a serious impact upon the lumber industry and many others which are dependent in part upon the construction of homes. And make no mistake about it—those affected have let their situations be known, as they should. We all notice that when the announced dividends of large corporations are somewhat less than anticipated, the repercussions in the stock market are sharp and immediate. But, for some reason, few seem to realize that there is any threat to our economy in a decline of our export markets. The fact is that our exports can mean the difference between prosperity and recession. They can mean the difference between a high level of employment for American workers and unemployment. Our farmers are in enough difficulty as it is. It would be much worse if we suddenly lost our foreign markets. Everyone agrees that we must find some way to increase the markets for our agricultural commodities. We simply cannot do it unless we are willing to trade with our neighbors.

It is estimated that the jobs of about 4½ million Americans depend upon our export-import trade. Our export business creates jobs in addition to those directly concerned with the products being exported. Banks, railroads, trucklines, barging and shipping companies, warehouses, insurance companies, brokers, and dozens of other enterprises benefit from the export trade.

For example, the American merchant marine, although it is relatively small, contributes an estimated \$5.3 billion a year to the economy and creates jobs for 225,000 workers.

Very few people would fail to recognize the value to the economy of our export trade. Those who are inclined to question the value of foreign trade usually complain of the competition which imports offer our own products.

Some products which are imported are necessary to our economy. Imports such as coffee, tea and bananas enrich our diet, and, although we could do without them, we would find them difficult to replace. These imports create many jobs in their processing, transportation, and distribution. If we tried to produce these items under conditions existing here at home, the cost to the consumer would be prohibitive.

We have come to depend on imports for such vital materials as asbestos, chromite, industrial diamonds, manganese, nickel, and tungsten. All together, we import about one-tenth of our raw material requirements. Such vast imports certainly create many jobs. In-

deed, without some of them, our whole industrial structure would have to be changed. Imports certainly figure prominently and constructively in the overall balance of the economy. Imports, like exports, create many jobs.

Some imports are, of course, in competition with domestic production. Of the \$13 billion of imports, however, only about \$3 billion worth could reasonably be said to be competitive with domestic production. The remainder consist of raw materials vital to our industries and other items not grown or produced competitively in the United States.

Thus, to the extent that imports create a problem, the problem is confined to imports of about \$3 billion in value. It does not make sense to jeopardize \$19.5 billion of export trade in order to reduce or prevent \$3 billion in imports. That is exactly what would happen if we fail to continue our reciprocal trade program. A reversion to the catastrophic protectionist philosophy of the Smoot-Hawley Act would inevitably encourage other countries to erect trade barriers against American products, with consequent decrease in our export trade, bringing about serious repercussions in our own economy as well as in the economy of other nations.

My own State of Tennessee is keenly aware of the benefits from the Cordell Hull trade program. Last year Tennessee alone sent more than \$230 million of exports to foreign markets. They included exports of farm commodities and industrial commodities.

I urge that this program be extended without crippling amendments.

I shall support a 5-year extension, and I shall oppose the amendment of the distinguished senior Senator from Oklahoma [Mr. KERR].

This program is important to Tennessee, important to the South, important to America, and important to the free world. An extension of the act is truly in the national interest.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT TO 10 A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today it stand in adjournment until 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to make an announcement. I hope Senators who desire to address themselves to the pending bill will be prepared tomorrow, because we expect the session to run late into the

evening tomorrow in the hope of completing the reciprocal trade agreements extension bill at the earliest possible date. We expect to follow the bill with the defense reorganization bill. We anticipate that will take a very short time. In the event the policy committee gives its clearance, we expect to follow the defense reorganization bill with the farm bill.

After the policy committee meeting, I shall inform Senators in more detail of proposed legislation which is to be considered following the farm bill.

EXTENSION OF TRADE AGREEMENTS ACT—AMENDMENTS

Mr. MAGNUSON (for himself, Mr. BARRETT, Mr. BRICKER, Mr. BIBLE, Mr. CURTIS, Mr. JACKSON, Mr. MUNDT, Mr. MURRAY, Mr. PROXMIER, and Mr. YOUNG) submitted amendments, intended to be proposed by them, jointly, to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, which were ordered to lie on the table, and to be printed.

ADJOURNMENT TO 10 A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, if there are no Senators who desire to address the Senate at this time, pursuant to the order previously entered, I move that the Senate adjourn until 10 o'clock a. m. tomorrow.

The motion was agreed to; and (at 8 o'clock and 20 minutes p. m.) the Senate adjourned, the adjournment being, under the order previously entered, until tomorrow, Thursday, July 17, 1958, at 10 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 16, 1958:

DIPLOMATIC AND FOREIGN SERVICE

Charles W. Yost, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Morocco.

POSTMASTERS

ALABAMA

Newbern L. Fowler, Bankston.
William E. Kerby, Leighton.
John Y. Metzger, Point Clear.

ARIZONA

Pearl J. Guthrie, Ash Fork.
LaWana Sue Donaldson, Cameron.
David H. Hill, Hereford.
Lucile L. Robertson, Keams Canyon.

CALIFORNIA

Inez Alma Rice, Bryn Mawr.
Clarence W. Hatheway, Desert Hot Springs.
Wayne J. Cummins, Hornbrook.
Edward G. Garza, Jakesville.
Emma G. Henderson, Liberty Farms.
Cleatis A. Bookout, Mendota.
Leroy Ducoty, Morgan Hill.
Warren H. Melharg, Oakhurst.
William H. Benson, Riverdale.
John I. Mararin, Ross.
Fred Dante Cuneo, San Andreas.
Medford C. Eggleston, Westwood.

COLORADO

Walter W. Winegar, Cortez.
Darrell G. Arnold, La Veta.

CONNECTICUT

Mildred W. Gould, East Berlin.
Bryce S. Reymers, Falls Village.
Edward D. Loomis, Guilford.
Grace A. Getchell, Pine Meadow.
Arthur W. Valentine, Pomfret Center.
Dorothy L. McIntire, Tariffville.

FLORIDA

Carl P. Duke, Ellenton.
Reuben J. Holcombe, Mineola.
Earl Charles Jacot, Palm Bay.
Ethna J. Temple, Palm City.
Katherine E. Ragsdale, Pierce.
Harriett R. Miller, San Mateo.

GEORGIA

Germaine J. McGovern, Avondale Estates.
Myrtle Y. Thrasher, Barwick.
Frederick Earl Waller, Bloomingdale.
Claude W. Beardsley, Donaldsonville.
Frances K. Cowan, Ellenwood.
Julian B. Abel, Enigma.
Gussie M. S. Owen, Gordon.
Horace G. Cown, Loganville.
James Lawrence Hunt, Perry.
Dorothy A. Sanders, Shady Dale.
Falera D. Lewis, Stonewall.
Luke R. Warren, Tennessee.
Frederick R. Peterson, Vidalia.

ILLINOIS

William S. Totten, Alexis.
Marion E. Lang, Creston.
Anna E. Cinnamon, Dana.
Gilbert L. Dodds, Eola.
Kenneth C. Hall, Lombard.
Stanley W. Alm, Richmond.
Leroy T. Hopkins, Roodhouse.
William F. James, Spring Valley.
Charles E. Higgins, Vandalia.
Carol A. Shimko, Winthrop Harbor.

INDIANA

Donald J. Kellerman, Oldenburg.
Clara G. Langley, Stroh.
Verlo Christner, Topeka.

IOWA

George G. Hendricks, Fort Dodge.
Dallas V. Smith, Hedrick.
Dallas V. Madland, Inwood.
Forest Raney, Reinbeck.

KANSAS

Bernice N. Brown, Downs.
Benjamin H. Schulz, Jr., Hunter.
Victor A. Breneman, Kingman.
Jack M. Grain, Oxford.

LOUISIANA

Harry B. Manning, De Ridder.
John H. Sharp, Eros.
Mabel B. Ross, Montegut.
Paul E. Carreras, Rosedale.

MAINE

Russell H. Ladd, Brownville.
William R. Jordan, Fryeburg.
Almon H. Barker, Naples.
Daniel H. McGraw, Surry.
Milton L. Daney, Waterboro.

MARYLAND

William F. Laukaitis, Baltimore.
William L. Boteler, Buckeystown.
Ella May Renner, Mount Wilson.

MASSACHUSETTS

Annberta L. Terry, Brookfield.
Frank Eben Brown, Fairhaven.
Henry A. Kane, Hanson.
James J. Gallagher, Lowell.
Charles L. Sullivan, Norfolk.
Robert W. Loud, North Reading.
Dana O. Merrill, Pepperell.
Linwood G. Capen, Rockland.
Thomas B. Ervin, Wilbraham.

MINNESOTA

Ralph H. Trieglaff, Frazee.
Christian P. Femrite, Glenwood.
Maurice D. Quafie, Grand Marais.
Donald O. Moffitt, Holland.
John Butkiewicz, Kettle River.
Cathryne J. Passard, Marble.
Harley F. Hass, North Redwood.

Lowell O. Sovde, Oklee.

Hans Millard Magelssen, Park Rapids.
Virgil J. Hjelle, Viking.

MISSISSIPPI

Dura I. Lowrey, Robinsonville.
Austin H. Russell, University.

MISSOURI

Carl T. Indermuehle, Buffalo.
Herald E. Keltner, Carrollton.
Wilburn W. Manford, Clarence.
Gertrude K. Wilkins, Oronogo.
Rex B. Sloop, Queen City.
Virgil E. Walter, Rockport.
Gene W. Slinkard, Senath.

MONTANA

Norman J. LaFriniere, Thompson Falls.

NEBRASKA

Leona A. O'Brien, Alda.
Clarence R. Jeffrey, Allen.
Clyde Washington, Hardy.
Robert D. Pierce, Sumner.
Edward J. Lawyer, Sutherland.

NEVADA

Zerón E. Bell, North Las Vegas.
Stella E. Mendieta, Tungsten.

NEW HAMPSHIRE

William C. Hubbard, Canterbury.
Arthur P. Stewart, Durham.

NEW JERSEY

Charles E. Osborn, Breton Woods.
LeRoy J. Gilsinan, Englewood.
Alvah R. Blisard, Kearny.
Angelo Daurio, Rosenhayn.
William N. Clegg, Wayne.

NEW YORK

Ishmael B. Burns, Alexandria Bay.
Irving S. Van Valkenburg, Attica.
John J. Murphy, Au Sable Forks.
Clark B. Lord, Bemus Point.
Theodore James Kilmeyer, Brentwood.
Raymond J. Daggett, Briarcliff Manor.
Beulah I. Gless, Celeron.
Tracy C. White, Conesus.
Ernest V. H. Parslow, Coxsackie.
John Hajduk, Depew.
Winfield L. Hills, DeRuyter.
Walter Richard Willoughby, Duaneburg.
Louis E. Ruck, Fultonville.
Hilda D. Maynard, Hartford.
Lyle E. Kreiger, Honeoye Falls.
LaVerne D. Larson, Lakewood.
Lewis A. Ward, Lawyersville.
Edwin Earl Jones, Lisbon.
Homer E. Houghtaling, Masonville.
Herbert F. Bantle, North Collins.
Elton F. Van Deventer, Palmyra.
Pearl V. Hayton, Stormville.
Gladys E. Van Haneghem, Walworth.
Andrew M. Hoblock, Watervliet.
Howard J. Bloodgood, Jr., West Nyack.
Gerald R. Davis, Woodhull.
Genevieve W. Kavanaugh, Woodville.

NORTH CAROLINA

James E. Stack, Harmony.
James F. Inman, Laurinburg.
Ada S. Solomon, Montreat.

OHIO

Jason E. Young, Ansonia.
William M. Corbin, Barnesville.
William A. Steinmetz, Greenville.
Howard E. Hochmann, Lisbon.
Robert L. Bradfield, West Jefferson.

PENNSYLVANIA

George T. Van Buskirk, Jr., Abington.
Carl E. Sheldon, Bradford.
Don A. Ducoeur, Charleroi.
Margaret J. Burke, Damascus.
Helen Z. Swanson, Irvine.
Pauline R. Witmer, Lampeter.
Raymond R. Orben, Milford.
Kenneth R. Myers, Millertown.
Harold R. Sampsell, Millmont.
Olin W. Rogers, Montrose.
Peter W. Longstreth, Jr., Oakdale.
John H. Taylor, Port Royal.

Calendar No. 1875

85TH CONGRESS
2^D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 16, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CLARK to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz: On page 1, strike out lines 5 to 9, inclusive, and insert in lieu thereof the following:

- 1 SEC. 2. Section 2 (c), as amended and extended, of the
- 2 Act entitled "An Act to amend the Tariff Act of 1930",
- 3 approved June 12, 1934, as amended (19 U. S. C., sec.
- 4 1352 (c)), is hereby repealed.

85TH CONGRESS
2d Session

H. R. 12591

AMENDMENT

Intended to be proposed by Mr. Clark to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 16, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 16, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ERVIN to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz: On page 9, after line 2, insert the following:

1 (c) Such subsection (b) is further amended by adding
2 at the end thereof the following:

3 “Each investigation of the Commission shall, without
4 excluding other factors, ascertain the average invoice price,
5 converted into currency of the United States in accordance
6 with the provisions of section 522 of the Tariff Act of 1930,
7 as amended, at which the foreign article is sold for export to

1 the United States on a country of origin basis, and the price
2 of like or directly competitive domestic articles when sold at
3 wholesale in the markets of the United States during the last
4 calendar year preceding such investigation. The Commis-
5 sion shall also estimate the increased volume of imports
6 which, under normal conditions of trade, will result from
7 the granting of the maximum reductions in rates of duty and
8 maximum concessions in other import restrictions permit-
9 ted under section 350 of the Tariff Act of 1930, as amended,
10 during each of the three years following the effective date
11 of any proposed trade agreement and shall also estimate the
12 maximum increase in imports which may occur without
13 causing injury to the domestic industry producing like or
14 directly competitive articles. The Commission shall request
15 the executive departments and agencies for information in
16 their possession concerning prices, and other economic data
17 from the principal supplier foreign country of each such
18 article."

85TH CONGRESS
2D SESSION

H. R. 12591

AMENDMENT

Intended to be proposed by Mr. ERVIN to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 16, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 16, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. CAPEHART to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz:

- 1 On page 7, line 18, after “(f)” insert “(1)”.
- 2 On page 7, line 22, strike out the quotation marks, and
- 3 after line 22 insert the following:
- 4 “(2) It is further declared to be the sense of the Con-
- 5 gress that, in negotiating trade agreements with countries
- 6 of the Western Hemisphere, the President shall make pro-
- 7 vision for extending the benefits of subpart C of part III of
- 8 subchapter N of chapter I of the Internal Revenue Code
- 9 of 1954 (Western Hemisphere Trade Corporations), with-

1 out discrimination, to all elements of the United States
2 exporting business without regard to interpretations, not in
3 accord with the original intent of Congress, requiring passing
4 of title outside the United States, if the corporation con-
5 cerned otherwise meets the requirements for Western
6 Hemisphere trade corporations and is a wholly owned sub-
7 sidiary of a manufacturer.”

Calendar No. 1875

85TH CONGRESS
2d Session

H. R. 12591

AMENDMENTS

Intended to be proposed by Mr. CAPHART to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 16, 1958

Ordered to lie on the table and to be printed

85TH CONGRESS
2D SESSION

Calendar No. 1875

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 16, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz: On page 31, after line 21, insert the following:

- 1 (3) The Commission shall also investigate and report
- 2 on the desirability of bringing about to the fullest extent pos-
- 3 sible a relationship between (A) duties and other import
- 4 restrictions on foreign articles, and (B) wages paid workers
- 5 in the production of such articles as compared with wages
- 6 paid workers in the United States in the production of like
- 7 or directly competitive articles.

85TH CONGRESS
2d Session

H. R. 12591

AMENDMENT

Intended to be proposed by Mr. CARMICHAEL to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 16, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2^D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 16, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MAGNUSON (for himself, Mr. BARRETT, Mr. BRICKER, Mr. BIBLE, Mr. CURTIS, Mr. JACKSON, Mr. MUNDT, Mr. MURRAY, Mr. PROXMIRE, and Mr. YOUNG) to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz: On page 32, after line 10, insert the following new section:

1 SEC. 12. (a) Subsections (a) and (b) of section 22
2 of the Agricultural Adjustment Act, as amended (7 U. S. C.
3 624) , are amended to read as follows:

4 “(a) Whenever the Secretary of Agriculture has reason
5 to believe that any article or articles are being or are prac-

1 tically certain to be imported into the United States under
2 such conditions and in such quantities as to render or tend to
3 render ineffective, or materially interfere with or materially
4 increase the cost of, any program or operation undertaken
5 under this title or the Soil Conservation and Domestic Allot-
6 ment Act, as amended, or section 32, Public Law Num-
7 bered 320, Seventy-fourth Congress, approved August 24,
8 1935, as amended, or any loan, purchase, or other program
9 or operation undertaken by the Department of Agriculture,
10 or any agency operating under its direction, with respect to
11 any agricultural commodity or product thereof, or to reduce
12 substantially the amount of any product processed in the
13 United States from any agricultural commodity or product
14 thereof with respect to which any such program or operation
15 is being undertaken, he shall cause, on his own motion or
16 upon application of any group of interested producers or
17 processors, an immediate investigation to be made by the
18 appropriate office or agency of the United States Depart-
19 ment of Agriculture responsible for the administration of the
20 affected program, which shall give precedence to investiga-
21 tions under this section to determine such facts. Such in-
22 vestigation shall be made after due notice and opportunity
23 for hearing to interested parties, shall be conducted subject
24 to such regulations as the Secretary of Agriculture shall
25 specify, and shall be completed at the earliest possible date

1 but in no event more than six months after the date of the
2 initiating motion of the Secretary or the day on which the
3 initiating application was filed with the Secretary.

4 “(b) If, on the basis of such investigation and report
5 to him of findings and recommendations made in connection
6 therewith, the Secretary of Agriculture finds the existence of
7 such facts, he shall certify to the President such facts and the
8 President shall by proclamation impose such fees not in
9 excess of 50 per centum ad valorem or such quantitative
10 limitations on any article or articles which may be entered,
11 or withdrawn from warehouse, for consumption as the Secre-
12 tary of Agriculture has found and declared to be necessary
13 in order that the entry of such article or articles will not
14 render or tend to render ineffective, or materially interfere
15 with or materially increase the cost of any program or opera-
16 tion referred to in subsection (a) of this section, or reduce
17 substantially the amount of any product processed in the
18 United States from any such agricultural commodity or
19 product thereof with respect to which any such program or
20 operation is being undertaken: *Provided*, That no proclama-
21 tion under this section shall impose any limitation on the
22 total quantity of any article or articles which may be entered,
23 or withdrawn from warehouse, for consumption which re-
24 duces such permissible total quantity to proportionately less
25 than 50 per centum of the total quantity of such article or

1 articles which was entered, or withdrawn from warehouse,
2 for consumption during a representative period as determined
3 by the Secretary of Agriculture; except that, whenever a
4 condition exists requiring special treatment, the President
5 upon recommendation of the Secretary of Agriculture may
6 impose such further limitation or suspension of imports as he
7 deems necessary upon a full consideration of the impact of
8 imports of competitive commodities on (1) domestic pro-
9 duction, (2) normal marketing and storing of domestic
10 products, and (3) any Government support or other pro-
11 gram: *And provided further*, That in designating any article
12 or articles, the Secretary of Agriculture or the President, as
13 the case may be, may describe them by physical qualities,
14 value, or use, or upon such other bases as he shall determine.
15 Such designations shall be sufficiently broad to prevent eva-
16 sion and may include any form, combination, mixture, or
17 source in which the article or articles may appear.

18 "In any case where the Secretary of Agriculture de-
19 termines with regard to any article or articles that a condi-
20 tion exists requiring emergency treatment, he shall certify
21 to the President the existence of such condition without
22 awaiting the completion of the investigation and report
23 herein provided for, and the President shall take immediate
24 action under this section, such action to continue in effect
25 pending the completion of such investigation and the report

1 of findings and recommendations made in connection there-
2 with, the certification by the Secretary of Agriculture, and
3 action by the President thereon.”

4 (b) Subsections (d) and (e) of such section 22 are
5 amended to read as follows:

6 “(d) After investigation, report, finding, and declara-
7 tion in the manner provided in the case of a proclamation
8 issued pursuant to subsection (b) of this section, any procla-
9 mation or provision of such proclamation may be suspended
10 or terminated by the President whenever the Secretary of
11 Agriculture finds and certifies to the President that the cir-
12 cumstances requiring the proclamation or provision thereof
13 no longer exist or may be modified by the President when-
14 ever the Secretary of Agriculture finds and certifies to the
15 President that changed circumstances require such modifica-
16 tion to carry out the purposes of this section.

17 “(e) Any decision, finding, or certification of facts and
18 required fees or quantitative limitations of the Secretary of
19 Agriculture under this section shall be final.”

20 (c) The first sentence of subsection (a) of section 8
21 of the Trade Agreements Extension Act of 1951 (19
22 U. S. C. 1365) is amended by striking out “under the pro-
23 visions of section 22 of the Agricultural Adjustment Act, as
24 amended, or”.

1 (d) The amendments made by this section shall not
2 affect any action taken or determinations made before the
3 date of the enactment of this Act.

AMENDMENT

Intended to be proposed by Mr. MAGNUSON (for himself, Mr. BARRETT, Mr. BRICKER, Mr. BIBLE, Mr. CURTIS, Mr. JACKSON, Mr. MUNDT, Mr. MURRAY, Mr. PROXMIRE, and Mr. YOUNG) to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 16, 1958

Ordered to lie on the table and to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 18, 1958
For actions of July 17, 1958
85th-2d, No. 120

CONTENTS

Acreage allotments.....	27		
Appropriations.....	10,30		
Atomic energy.....	32		
Barter.....	16		
Budgeting.....	2,29		
Chemicals.....	18		
Common carriers.....	6		
Corn.....	4		
Defense production.....	33	Forestry.....	5
Economic situation.....	17	Fruits and vegetables.....	24
Fair trade.....	20	Hogs.....	15
Farm income.....	12,21	Low-income farmers.....	3
Farm labor.....	10	Minerals.....	26
Farm loans.....	5	Onion futures.....	9
Farm program.....	11	Pay systems.....	25
Federal-States relations.....	6	Personnel.....	7,25
Foreign affairs.....	14	Pesticides.....	18
Foreign trade.....	16,22,34	Public Law 480.....	11,16,34
		REA.....	28
		Reorganization.....	28
		Small business.....	23
		Statehood.....	19
		Surplus commodities.....	16,34
		Trade agreements.....	1,31
		Water pollution.....	8
		Watersheds.....	13
		Wildlife.....	25
		Wool.....	11

HIGHLIGHTS: House committee ordered reported bill to facilitate insured loans by USDA. Rep. Hill urged prompt enactment of farm legislation. Rep. Cooley criticized USDA position on barter program. Rep. Martin introduced and discussed Administration bill for study of Federal pay systems. House received conference report on Labor-HEW appropriation bill. Senate debated trade agreements extension bill. Senate committee ordered reported accrued expenditures budgeting bill.

SENATE

- 1. TRADE AGREEMENTS.** Continued debate on H. R. 12591, the trade agreements extension bill (pp. 12822-39, 12842-54, 12855-69, 12871-12914). Adopted an amendment by Sen. Capehart to request the Tariff Commission to study the advisability of basing tariff rates upon the wage rates paid in the respective countries (p. 12903).
Rejected, 4 to 85, an amendment by Sen. Clark to make the Trade Agreements Act permanent (pp. 12864-9).
- 2. BUDGETING.** The Appropriations Committee ordered reported with amendments H. R. 8002, the accrued-expenditures budgeting bill. p. D691
- 3. LOW-INCOME FARMERS.** Sen. Hoblitzell inserted a chapter, from a book on Resource Training, which discussed how low incomes in agriculture can be improved through area development or rural development projects. pp. 12821-2
- 4. CORN.** Sens. Murray and Flanders were added as cosponsors to S. J. Res. 105, to designate the golden corn tassel as the national floral emblem. p. 12917

HOUSE

5. FARM LOANS; FORESTRY. The Agriculture Committee ordered reported H. R. 10965, to improve the insured-loans program under Title I of the Bankhead-Jones Farm Tenant Act; H. R. 12494, with amendment, to authorize the Secretary in selling certain lands to N. C. to permit the State to sell or exchange such lands for private purposes; and H. R. 8481, to extend the forestry provisions of the Agricultural Act of 1956 to Hawaii. p. D694
6. FEDERAL-STATE RELATIONS. Passed, 241 to 155, with amendments H. R. 3, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws. pp. 12784-818
Agreed, 206 to 88, to an amendment by Rep. Willis which specifically provides for the enforcement of State statutes prescribing criminal penalties for subversive activities. pp. 12793-97
Rejected an amendment by Rep. Withrow to exclude from the bill any act of Congress relating to common carriers and their employees operating in interstate commerce. pp. 12801-02
7. PERSONNEL. The Post Office and Civil Service Committee reported with amendment S. 25, to specify the effective date upon which changes in pay of wage-board employees shall begin following the start of a survey (H. Rept. 2207). p. 12813
The Post Office and Civil Service Committee ordered reported with amendment
8. H. R. 1168, to clarify the application of Sec. 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain employees in cases involving downgrading actions. p. D695
The committee appointed special subcommittees to consider H. R. 9407, to provide additional opportunity for certain employees to obtain career-conditional and career appointments in the competitive service; and H. R. 6552, to authorize the noncompetitive acquisition of a competitive status by employees with a service-connected disability.
8. WATER POLLUTION. The Public Works Committee reported without amendment H. R. 13420, to amend the Federal Water Pollution Act so as to increase the limitation on certain grants for construction from \$250,000 to \$500,000 (H. Rept. 2212). p. 12813
9. UNION FUTURES. Conferees were appointed on H. R. 376, to prohibit trading in onion futures and remove onions from regulations under the Commodity Exchange Act. Senate conferees have not been appointed. p. 12781
10. APPROPRIATIONS. Received the conference report on H. R. 11645, the Labor-HEW appropriation bill for 1959 (H. Rept. 2220). With regard to the Mexican Farm Labor program, agreed to restore the House language to provide \$480,600 for determining compliance with contracts under the program, and to provide \$1,550,000 for administration of the program, instead of \$2,250,000 as proposed by the Senate. pp. 12782-84, 12813
11. FARM PROGRAM. Rep. Hill urged the House to "pass an agricultural bill similar to that pending before the Senate," with the inclusion of provisions for the extension of Public Law 480 and the Wool Act. He criticized "political opportunists ... trying to farm the farmer instead of working for sound, beneficial agricultural legislation and programs." p. 12810

marketing practices related to loose and tied tobacco in order to determine why tobacco farmers receive a price differential for tying tobacco in some States and not in others.

SEC. 2. The committee shall report its findings, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1959.

SEC. 4. Expenses of the committee, under this resolution, which shall not exceed \$5,000 shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

Mr. GREEN, from the Committee on Foreign Relations, reported an original resolution (S. Res. 335) to continue study on the problems of world disarmament, which was referred to the Committee on Rules and Administration.

(See the above resolution printed in full which appears under the heading "Reports of Committees.")

Mr. GREEN, from the Committee on Foreign Relations, reported an original resolution (S. Res. 336) to authorize a study of United States foreign policy, which was referred to the Committee on Rules and Administration.

(See the above resolution printed in full which appears under the heading "Reports of Committees.")

AMENDMENT OF INTERNAL REVENUE CODE, RELATING TO ELIMINATION OF CERTAIN PREFERENTIAL TREATMENT

Mr. PROXMIRE. Mr. President, I introduce, for appropriate reference, a bill to amend the Internal Revenue Code of 1954 to eliminate some provisions which, in my opinion, are inequitable, and to recover substantial revenues which now are lost because of these provisions.

One provision of the bill would require that a person who exercises a stock option at 95 percent of fair market value, and sells it 6 months or more later at a gain, shall pay ordinary income tax on the gain between 95 percent and 100 percent of the true market value at the time of purchase.

Another provision would require that a loss suffered from the sale of depreciable property used in a trade or business shall be taxed as a capital loss, not as an ordinary loss. Profits now are treated as capital gains, but losses are taxed as ordinary losses.

The other provisions of the bill provide certain changes in the capital-gains section of the law, to eliminate special privileges which I believe to be unjustifiable.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 4143) to amend the Internal Revenue Code of 1954 in order to eliminate preferential treatment with respect to certain categories of taxpayers, and for other purposes, introduced by Mr. PROXMIRE, was received, read twice by its title, and referred to the Committee on Finance.

PRODUCTION INCENTIVE PAYMENTS IN RESPECT TO CERTAIN CRITICAL AND STRATEGIC MINERALS

Mr. MURRAY. Mr. President, I introduce, for appropriate reference, a bill providing for production-incentive payments in respect to eight critical and strategic minerals. This bill is intended to take the place of Senate bill 3816, introduced by me on May 15, to implement recommendations made to the Committee on Interior and Insular Affairs by the Secretary of the Interior for production-incentive payments covering only three of the involved minerals.

In view of lengthy testimony before the committee by industry witnesses, it appears advisable to introduce a new bill covering the entire list of eight minerals.

It is recognized that as a part of the mobilization base, it is vital for the Nation to have a certain level of production of these specified minerals, and the indications are clear that without some form of assistance the industries involved are on the verge of collapse.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 4146) providing for payments as incentives for the production of certain strategic and critical minerals, and for other purposes, introduced by Mr. MURRAY, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

EXTENSION OF TRADE AGREEMENTS ACT—AMENDMENT

Mr. SMITH of New Jersey submitted an amendment, intended to be proposed by him, to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, which was ordered to lie on the table, and to be printed.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. MARTIN of Iowa:

Release by the Department of Agriculture containing comments on hog production plans.

Report on farm income issued by the Department of Agriculture.

By Mr. KENNEDY:

Three editorials commenting on proposed passport legislation.

Two editorials relating to the development of nuclear weapons.

By Mr. THYE:

Editorial entitled "Mr. Hauge's Contribution," published in the Washington Post of July 17, 1958, dealing with the resignation of Dr. Gabriel Hauge as the President's Special Assistant for Economic Affairs.

Article entitled "Contradictions Are Striking in Russia," written by Wilbur Elston,

and published in the Minneapolis Star of July 14, 1958, dealing with the attitude of individual Soviet citizens toward Americans.

By Mr. PROXMIRE:

Editorial entitled "Pan-Arabism Overflows," published in the Milwaukee Journal of July 15, 1958.

Editorial entitled "The Failure of Leadership Brings Disaster in Mideast," published in the Capital Times, of Madison, Wis.

Article entitled "The Marines in the Lebanon," written by Walter Lippmann, and published in the Washington Post of July 17, 1958.

By Mr. BEALL:

Letter from William C. Purnell, major general, Maryland National Guard, dated July 14, 1958, and published in the Baltimore Sun, regarding National Guard reorganization problems.

By Mr. FULBRIGHT:

Articles written by Arthur Krock on United States foreign relations and published in the New York Times of July 15, 16, and 17, 1958.

By Mr. WILEY:

Chart entitled "25 Years of Miracles," published in the NAC News and Pesticide Review of the issue of May 1958.

By Mr. KUCHEL:

Article entitled "Hawaii's Right to Statehood," written by Douglas H. Mendel, Jr., and published in the Los Angeles Times of July 16, 1958.

By Mr. NEUBERGER:

Resolutions adopted by Oregon State Pharmaceutical Association in support of fair trade legislation.

By Mr. HENNINGS:

Statement issued on July 3, 1958, by radio station KMOX, of St. Louis, Mo., in favor of prohibition of the sale of fireworks.

By Mr. HOLLAND:

Article entitled "Couple, 70, Gets 30-Year FHA Mortgage," referring to Emergency Housing Act loans, published in the St. Petersburg Times of June 22, 1958.

RESOURCE DEVELOPMENT IN LOW-INCOME FARM AREAS

Mr. HOBLITZELL. Mr. President, the Conservation Foundation has recently issued a book on Resource Training for Business, Industry, Government. In it is a chapter written by Walter C. Gumbel, of the Monongahela Power Co., of West Virginia, on the subject of resource development in low-income farm areas.

This chapter contains important statements, showing how low-incomes in agriculture can be improved and entire areas made more prosperous. It deserves the thoughtful reading of my colleagues in Congress.

There has been introduced proposed area-development legislation. In addition, I call attention to one of the facts Mr. Gumbel sets forth—a fact which the development programs of the Monongahela Power Co. have so clearly demonstrated—that the rural development program now moving forward in 30 States is effective in low-income farm areas.

I ask unanimous consent to have excerpts from this chapter printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

RESOURCE DEVELOPMENT IN LOW-INCOME FARM AREAS

(By Walter C. Gumbel, conservationist, area development department, Monongahela Power Co., West Virginia)

The impact of industrialization on low-income farm areas has created many problems for the Nation today. It involves more than a million rural people who, because of uneconomically small farms, depleted soils and rough terrain, inadequate credit, lack of education, poor health, or insufficient managerial ability, have been unable to make the adjustments required by modern technology. These problems differ in detail in various regions, but they are basically similar throughout the country. Since my time is devoted to the promotion and development of area resource problems in West Virginia, I shall confine myself here to describing the situation in that State, which may serve as an illustration of the problem as a whole.

The present land-use and conservation movement in West Virginia is less than 25 years old. Agriculture, however, dates back to early colonial days, when the State's 15 million acres of mountain land were covered with the finest hardwoods in the East. The plentiful waters were pure and crystal clear, and there was an abundance of game and fish. All these were deeply rooted and closely associated with virgin soils.

Today the State's soil resources are badly depleted. Large areas of forest land are in need of intensive management, including protection from fire and disease; water resources, because of excessive runoff and pollution, are inadequate to meet the increasing needs of agricultural, domestic, industrial, and recreational interests; wild game and fish are in short supply because of changes in land use and a growing array of hunters and fishermen.

This situation came about through over-exploitation of the State's renewable resources during the early period of development. Timber was harvested, and farmers worked the cleared land to provide food, grain, and livestock for a growing population. At first, even though the terrain was steep and rugged, the land was productive. Gradually, however, much of the fertile topsoil was lost through erosion and misuse, and consequently a great deal of the land lost its real economic value. Farm income dropped, and the people were gradually forced to look elsewhere for employment.

These evolutionary land-use processes and developments took place over a period of many years. In the meantime, the Nation's unprecedented growth in population, the mechanization of agriculture, and our expanding industrial economy created an entirely new set of resource conditions. Let us take a look at the situation as it appears today.

The growth and industrialization in West Virginia has been phenomenally rapid in recent years. The location of new industries is at present limited to major river valleys, where level farm land, transportation, water, labor, and other needed facilities are to be found. However, as the better sites are taken up, small satellite industries may be expected to locate in or near county-seat towns; indeed, this development is already underway in several areas of the State.

While industrialization has not yet gone far enough to have a material effect on the low-income farm areas of the State, a beginning has already been made. A recent study shows that during the last 12 years more than 150 new industrial plants have started operation in the 33 counties served by my company. Generally speaking, it is clear that industrial activity in the State

will continue to grow during the years just ahead, while agriculture will become less important. This situation is due primarily to the rugged topography, depleted soil, and small uneconomic farm units found on most of the land, and also to the fact that large areas of the State's limited amount of class I land, located along the principal waterways, have already been taken over by new industries, growing cities, new highways, and other facilities.

It is becoming evident that our farmers cannot compete with those on productive land in the more important agricultural regions, where mechanization and science are primary production factors.

Assistance to agriculture through Government programs is certainly not the answer to the problem: Price supports mean little to a farmer with nothing to sell.

Indeed, the present farm policy has helped to perpetuate a marginal segment of agriculture in which chronic poverty is the rule.

Nor can land-use and conservation programs offer much in the way of increasing the meager incomes yielded by the rugged and depleted land of West Virginia. Many farmers have already moved elsewhere in search of jobs, and others will follow; some, however, will remain, because of age or inability to qualify for industrial jobs.

Present farm operations contribute greatly to the increasing frequency of floods and low stream flow in the State—problems of great importance to downstream towns and industries. Farm conditions thus have a material effect on the economic and social welfare of entire communities.

Off-farm employment is therefore doubly essential. Not only will it add to the income of the farmers, but it will in time be helpful in the establishment of required basic land-use and conservation programs.

Soil surveys and related land-use studies by the Soil Conservation Service have shown that 11 million of the State's 15 million acres are best suited for the production of timber. Of this area, 1,312,000 acres now in cropland and pasture need to be reforested. When this is done, forests will emerge as the State's principal farm crop.

The production of water for agricultural, urban, industrial, and recreational needs will also rank high as a new resource enterprise.

Farming will be reduced to a limited grassland type of agriculture; in addition, small, specialized production projects, such as small fruits, poultry, and perhaps some dairying, may be developed in a few areas near population centers, where markets can readily be found.

The development of hunting, fishing, recreational, and scenic areas will also become important as industrial and population pressures increase.

Jobs created by these various land-use projects will help to utilize some of the State's surplus farm labor; what remains will eventually find its way into new or existing industries.

Those of us who are concerned with the economic well-being of the State now find ourselves faced with the problem of designing a program for the future which will correct the existing difficulties and allow the ideal situation just described to come to pass. It is apparent that the wise use of natural resources in low-income farm areas is closely linked with the economic development of the State as a whole.

Little can be expected in the way of improvement in farm conditions until resource and agricultural workers are willing to cooperate with industrial and business interests in the joint planning and development of a total resource, agricultural, and industrial program.

We need now to go beyond the gains that have already been made, and reevaluate our approach to the low-income farm problem,

seeing it not as an agricultural problem only, but in relation to the overall economic climate of the area.

We must take into consideration the requirements of agricultural, industrial, business, and recreational interests, and the possibility of developing agricultural enterprises that are in keeping with accepted land-use and resource capabilities. These factors must be correlated with the establishment of industrial enterprises necessary to provide supplementary off-farm income.

Mr. NEUBERGER. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REVERCOMB. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HOBLITZELL in the chair). Without objection, it is so ordered.

Is there further morning business?

EXTENSION OF TRADE AGREEMENTS ACT

Mr. O'MAHONEY. Mr. President, I ask that the pending business be laid before the Senate.

The PRESIDING OFFICER. The Chair lays before the Senate the pending business, H. R. 12591.

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. REVERCOMB. Mr. President, the Senate has before it the bill (H. R. 12591) to extend the Reciprocal Trade Act, as amended and reported by the Senate Finance Committee, and we are in the second day of discussion of this important measure. I desire to proceed at this time to discuss some of the features of the bill.

The purpose of it, of course, is to extend the powers of the President to make agreements for importations into this country. Control over importations into the United States is primarily vested in the Congress, as we know. Were it not so, there would be no necessity for legislation and for the extended discussion which has taken place and which will continue to take place upon the subject.

There has been well discussed in the Senate, and I am sure it will continue to be discussed, the subject of the constitutionality of giving to the President powers which are innately in the Congress. I shall not dwell on that subject, but, rather, turn to the practical effect of the reciprocal trade agreements upon the economy and strength of the country.

Of course, each of us in the Senate knows best about those things closest to him as this policy, which has existed for many years, affects the people about him; but in my discussion this morning I shall speak about the subject from the standpoint of the whole country, and not from the standpoint of any particular State in the Union.

Many advocates of the reciprocal trade program emphasize trade at the

expense of being reciprocal. What is reciprocal about legislating American industries out of business by allowing cheap-made products of others to overrun domestic markets? It can, if carried too far, mean the destruction of production here. This is exactly the fate of the American pottery and glass industries. I refer to them in particular, because they are of utmost importance to my State of West Virginia and to many other States.

Let me say now, Mr. President, that the greatest point of debate before the Senate will be the question, Shall the Congress bring back into its own control the duties which under the Constitution are reposed in the Congress? That restored power has been written into the bill by the Senate Committee on Finance by amendment of the bill passed by the House of Representatives. The question is here confronting us now for decision.

The bill has already passed the House of Representatives, and hearings on it have been held before the Committee on Finance of the Senate. As a result of those hearings by the Committee on Finance there has come a provision which would change the bill passed by the House and would in effect require that when an industry appears to be in peril under a ruling of the Tariff Commission that ruling must be followed, and the President of the United States cannot change it or go contrary to it without the consent of a majority of the Congress. Therefore, the Senate bill would place back in the Congress the power it originally held. The President would still have authority to make trade agreements, but if in doing so the warning of the Tariff Commission's finding of fact was to be overridden, then the consent of a majority of the Congress would be required.

I recall that back in 1947 or 1948 the problem of injury to domestic industry arose under the reciprocal trade agreements, and there was written into the act, what is known as the peril-point provision; that is, if an industry became imperiled it could seek relief. We thought there was great good to be gained under that theory. There probably would have been, had it been regarded as binding, but we know that the provision has not afforded the protection which is needed.

Mr. President, we want foreign trade. Foreign trade means much to the life of this country and much in its relations with other countries, but foreign trade should not be developed at the price of destruction of the economy and the strength of our own country, including the employment of our people, and the maintenance of the high level of living which has come to be America's and has helped make the great advances of this country. So I say foreign trade is to be desired; but exactly as we cannot expect other nations to import American products which would destroy their own industries, neither should other countries expect us to take such quantities of their exports as to ruin American industries and deprive many of our citizens of their employment. And I am sure this is with reason understood by them.

Mr. President, this is precisely the situation which exists in the coal, glass, pottery, and other industries of my State.

I have here mentioned before how residual oil imports have resulted in a loss of coal markets. On the floor of the Senate I have pointed out that to be true during the present session of Congress.

I now wish to show the effect of our reciprocal trade laws on the glass and pottery industries. I desire to cite the facts, so that the Senate may have before it and so that there may be in the RECORD of the Senate evidence of the effect of these laws, as administered through the past years, upon the country heretofore and their effect upon the country today.

Our domestic pottery manufacturers have suffered severe losses in recent years as imported wares have been capturing our markets. During the first 6 months of 1957, for example, 20 companies, accounting for 85 percent of American earthenware, lost money to the extent of \$186,000 before taxes.

To illustrate the injustices which have beset the American pottery industry, I desire to quote from a statement made on March 7, 1958, before the House Committee on Ways and Means by Mr. Edward L. Torbet, vice president of the Syracuse China Corp., of Syracuse, N. Y. He said:

We take this opportunity to bring to your attention an almost incredible situation that has developed in the last 12 years, unchecked by any legislation in effect during that period.

I should like to underscore the following portion of his testimony:

Due solely to their advantage of low wages, foreign producers of lightweight china have captured over 90 percent of that market in the United States.

The result is obvious. Domestic production has fallen off year after year. Sales of American manufacturers in 1957 dropped by more than one-third from 1950 levels.

Mr. Torbet went on to state that even the tariff on china as set by the act of 1930 was of little protection to home manufacturers. On 14 occasions, chiefly since 1948, agencies of our Government have slashed tariff protection. The industry resorted to the escape clause in February 1952, designed to give domestic industries relief under the Reciprocal Trade Act, but to no avail.

As I have said, the escape clause and so-called peril-point theory have not protected American industry. The time has come, I submit, Mr. President, to place the authority over this subject back where it belongs, in the hands of the Congress.

We should permit the President, the Chief Executive, to make trade agreements, but not without the consent of the majority of both Houses of Congress, when we are informed that such agreements may imperil industries in the United States.

Without effective protection it is no wonder that imports of foreign wares are able to get a strangle hold on the American market. In 1956, the quantity of Japanese china imported into our country was many times that of domestic production.

According to the estimates of the trade, imports of Japanese china alone have displaced employment in this country to the extent of 11,000 persons in manufacturing alone. That is the effect of the importation of Japanese wares.

I should like to cite another example of the conditions which prevail in the pottery industry. The Homer Laughlin China Co., of Newell, W. Va., the largest producer of pottery in the United States, was recently operating at only 30 percent of capacity, 50 percent below the rate at the start of the year. This firm now has fewer than 1,400 employees, averaging less than 24 hours a week. The normal employment for this company numbers 3,200 persons.

I now turn to the glass industry. The story of the economic plight of this industry is very similar to the recent history of the chinaware manufacture.

First, let me discuss specifically the flat-glass industry. Manufacture of flat glass includes window and plate glass. Flat glass production in 1957 dropped approximately 10 percent, as compared with 1956, and many manufacturers have sustained heavy losses. Net sales in 1957 of one of the leading producers of plate and window glass, Libby-Owens-Ford, were off \$22 million from the 1956 total. This concern's largest factory is located at Charleston, W. Va., where unemployment has now reached 12 percent of the total labor force. These are not pleasant things to call to the attention of the Senate, but they are facts, and we must regard the facts when we deal with the subject of control of importations which are proving destructive of our own economy.

A major cause of the economic woes of the flat glass manufacture is importation of cheap made foreign products which undercut domestic glass sales. As in the case of pottery and other industries, domestic manufacturers cannot compete with the great influx of products from countries which have much lower wage scales.

In the past few years there has been marked increases in the imports of window glass. In 1948 our imports of this type of glass totaled only 797,650 square feet. These imports increased in 1950 to 27,333,550 square feet and in 1956, to 281,620,500 square feet. The 1957 total dropped to 178,250,850 square feet.

This great increase in imports may be laid directly to reductions in the United States tariff. In 1946, the tariff per pound of window glass was \$1.55. This levy has been cut to 72 cents per pound, less than half the 1946 level.

Imports of plain plate glass have also shown striking increases in the past few years. In 1955, 32½ million square feet were imported into the United States. This was slightly more than three times our purchases from abroad in 1950. In 1956, the figure climbed still higher, to 38 million square feet. Then the 1957 total dropped off to 34 million square feet.

Our chief foreign suppliers of plain glass plate are Belgium, France, West Germany, and Great Britain. These foreign products made by low-paid foreign labor could never have been brought

into our country without drastic reductions in the tariff on plain plate glass since the 1930's, when the Reciprocal Trade Agreements Act went into effect.

I am especially concerned with distressed conditions in the handmade glassware industry, because my State of West Virginia leads the United States in this field with 16 handmade glassware plants.

To explain fully the ruinous situation in the handmade glassware industry, I quote from the testimony given before the House Ways and Means Committee on March 7, 1958, by Carl W. Gustkey, representing the American Glassware Association. He said:

Tariff reductions on imported glassware under the present act have been mainly responsible for the severe economic plight of the industry.

The prices at which the imported glassware is offered have driven the prices of domestic handmade glassware down to the point where profits have all but disappeared and companies are going out of business—6 of them in about the past 4 years with others at the point of following within the next few weeks.

In 1954 imports of handmade glassware were valued at \$5½ million. By 1956 the value had increased to \$7½ million. Foreign handmade glassware supplied slightly more than 20 percent of total consumption in the United States in 1954. This proportion reached 25 percent in 1956.

The average wage in American handmade glassware manufacturing was \$2.23 an hour in 1956. I emphasize the fact that labor comprises two-thirds of total costs of such wares.

Let me cite the wage rates in the principal competing countries. According to the most recent data available, hour wages for this industry are 30 cents in Japan, from 54 to 71 cents in France, 56 cents in Belgium, 60 cents in West Germany and Italy. In the United Kingdom and Sweden, hourly rates are a little higher—83 and 92 cents, respectively—but still less than half United States rates.

If we are to maintain the present high level of our economy—which I hope will continue to increase and expand—and if we are to see to it that the American citizen continues to live on a good standard of living, his ability to provide such a standard of living for himself and his family must be protected. To explain graphically what is happening to the glass industry, I quote from the statement of the West Virginia Glass Workers' Protective League presented to the Senate Finance Committee during the recent hearings on the Reciprocal Trade Agreements Act:

Over a very short period of years, 10 glass companies, including Dunbar, Ceredo, and Paden City, all in West Virginia, just to mention a few, have gone completely out of existence. The rest of the industry is not operating at more than 50 percent of capacity.

While our members are walking the streets, running out of unemployment compensation, the glassware industry in other countries is thriving.

The American glassworkers have been a proud industry with highly skilled craftsmen, but now their skills are being sacrificed. We are not against reciprocal trade

as such, but, as people of the richest country in the world and as citizens, we feel that our employment should be of primary consideration to the Congress. The Nation is weakened when any segment of the economy is in jeopardy such as the glassware industry is today.

I agree heartily that it is a duty of Congress to see to it that there is fairness in trade. While we want to trade with other nations, and will gladly do so, we should not and must not sacrifice that which permits our people to live and keeps our country strong.

We cannot shrug off the difficulties that have befallen those American industries hard hit by excessive imports. I am sure that no fair-minded persons would deny that the American pottery and glassware industries stand in need of greater tariff protection.

We have seen the disastrous effect of unfair competition from cheap foreign imports. I speak not only for my own State of West Virginia, but for centers of production throughout the entire country, when I ask, How can we sit idly by while American industries are being destroyed merely for the lack of sufficient tariff protection?

Now, I wish to discuss another product of importation.

I should like to point out that the rising flood of oil from foreign sources constitutes a serious threat not only to the domestic oil industry but also to the coal industry—an industry that is extremely important from the standpoint of the Nation's defenses as well as our country's economic well-being.

I call attention of the Senate to an excerpt from a Senate committee hearing held in 1950 on causes of unemployment:

Every time one of these huge new tankers ties up at an American dock it brings not only a quarter of million barrels of fuel oil, but it also brings job discharges for 63 American coal miners for a full year. We import not only low quality oil, but unemployment.

Instead of protecting oil production and coal production, the two great fuels necessary to our progress, and without which we would soon become a weakened Nation, we find that these imports have steadily increased. We cannot ignore this fact. It is entitled to great weight in considering our action upon the measure before us.

These imports have been increasing at a tremendous rate. Last year, for example, residual oil imports had risen to 173 million barrels—more than double the 1949 rate. Based on data from the United States Bureau of Mines, 1958 estimates of residual oil imports are placed at 182 million barrels.

Needless to say, coal's loss of markets to residual fuel oil, which can be dumped onto the United States markets at whatever price is necessary to undersell coal, has continued to cost an increasing number of miners and railroad workers their jobs.

I am sure that all Members of the Senate are aware of the recommendation made by the Presidential Advisory Committee on Energy Supplies and Resources Policy 3 years ago. This recommendation, later enacted into the Trade Agreements Extension Act of 1955,

as section 7, known as the defense industry amendment, was as follows:

The committee believes that if the imports of crude and residual oil should exceed significantly the respective proportions that these imports of oils bore to the production of domestic crude oil in 1954, the domestic fuels situation could be so impaired as to endanger the orderly industrial growth which assures the military and civilian supplies and reserves that are necessary to the national defense.

The importance of coal to national security is reflected by the fact that the coal industry was this country's greatest energy source all during World War II. The facts speak for themselves.

For example, the first full year of World War II, 1942, saw the Nation's energy demands rise by 159 million tons bituminous coal equivalent, an increase of 19 percent.

Of this amount, coal supplied 130 million tons, or 82 percent.

By 1944, the peak year of the war effort, the country's energy demand was up by 279 million tons and coal supplied 170 million, or 61 percent, of that amount.

Certainly the President's Committee on Energy Supplies and Resources was aware of the importance of coal to national defense when it recommended, in February 1955, that in order to maintain the war readiness of the coal industry and to fulfill its obligations to the economy, coal production should be maintained at not less than a 500-million-ton annual level.

The committee, taking into account the defense needs as well as the minimum peacetime requirements of fuel which would permit the prosecution of a successful war, recognized and agreed that whenever coal production dropped below a sustained minimum of 500 million tons per year, the coal industry itself would be in trouble and the fuel requirements for the Nation would be in jeopardy.

It is plainly evident, Mr. President, that this situation now prevails while we are considering this proposed legislation on the floor of the Senate. On the basis of coal production records to date, it is estimated that the output for 1958 will not be much more than 400 million tons, instead of the required minimum of 500 million tons, essential for the security of the country.

This marked decline in production, resulting in large measure by the loss of coal's markets to residual oil, poses a grave security problem because it takes precious time to recondition closed mines and get them into production again.

It is obvious that the voluntary oil quota plan has not provided adequate safeguards. Although the volume of crude petroleum imports has been curtailed slightly under the voluntary program—and here I accentuate residual oil—no attempt has been made to bring the level of residual oil imports to the 1954 ratio, as was recommended by the President's Advisory Committee on Energy Supplies and Resources Policy.

I wish now to turn back for a moment to the views expressed on the floor of the Senate, which seemed to be

the consensus of the Senate, as reflected by the CONGRESSIONAL RECORD of May 2, 3, and 4, 1955. It was then apparently understood by those dealing with the trade agreements bill that the imports of 1954 should be the basis and should be the limit of the importations of both crude and residual oil.

When the Trade Agreements Extension Act was discussed on the floor of the Senate in 1955, positive statements were made that administrative assurances had been given that imports of foreign petroleum and petroleum products would be restricted to the 1954 ratio as recommended by the Presidential Advisory Committee.

As I have just stated, however, the coal industry has been unable to gain any relief whatever under section 7 of the Trade Agreements Act of 1955. And unless that section of the new act is strengthened, coal's markets will be further undermined by residual oil imports.

It is for that reason that I am today making this statement for the consideration of all Senators, and am suggesting that section 7 of the Trade Agreements Act be strengthened, so that this great segment of our economy may be sustained.

As I stated earlier, residual oil can be dumped onto American markets at whatever price is necessary to undersell coal. By way of illustration, I quote from a statement made by Mr. J. C. Potter, president of the Rochester & Pittsburgh Coal Co., of Indiana, Pa., before the Senate Finance Committee on July 2, 1958. He stated:

Today the same major oil importing companies, through their pricing policies, threaten to wreak the same havoc on the coal industry that they did in the years 1949, 1953, and 1954. They are again offering fuel oil at less than coal parity prices and we know from past experience that if they are not able to get the business at parity they will continue to reduce the price to the point where they will be able to maintain their desired volume of shipments at the expense of coal.

One must understand the importance of coal, not only to West Virginia, but also to all the other States. I do not know of any other commodity which is produced in this country which has contributed more to the advancement and great progress of the United States among the nations of the world today. The protection of coal is deserving of high consideration because of its importance to the economy of the Nation.

With respect to my State, in 1957 there were 71,000 miners working in 1,558 mines in 37 of West Virginia's 55 counties. The bituminous coal output of West Virginia was valued at about \$820 million. This amounted to almost one-third of America's coal production in 1957.

Two-thirds of the total land area of my State is underlaid with coal. This represents 52 billion tons of recoverable reserves, sufficient to last 3½ centuries at present rates of consumption.

My appeal to the Senate is not based upon purely local considerations; it is based upon the maintenance of the strength of the economy of the country, particularly so today, when we do not know what may lie ahead for us.

As has been stated, coal is the basis of defense. Coal is the basis of the advancement of the economy of America in peacetime. It is vital to the Nation's security. If this important industry is to return to a sound basis of operation, it is imperative that definite action be taken to restrict oil imports, particularly the imports of what we know as residual oil.

The coal industry had reason to feel encouraged that some relief would be provided when the defense industry amendment was adopted to the Trade Agreements Act in 1955. However, this relief has not materialized. It is my hope that relief will come under the new Extension Act as reported by the Committee on Finance, and now before us. It is the most reasonable and promising step we can take.

What I have said about protection for coal, I say likewise for the protection of the vast oil production of the United States. My State does not produce oil in the quantities which mark the production in many other States. But I join hands with those of other States to protect that fuel, as well as the great coal production of my State and of the Nation.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table entitled "United States Domestic Crude Oil Production and Residual Fuel Oil Produced From Foreign Crude Oil, 1954-58."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE A.—United States domestic crude-oil production and residual fuel oil produced from foreign crude oil, 1954-58

[Oil in thousands of barrels—Coal in thousands of tons]

Line	Item	1954	1955	1956	1957	Estimated, 1958
1	Crude oil:					
	Production.....	2,314,988	2,484,428	2,617,283	2,618,884	2,400,000
2	Imports (actual).....	239,479	285,421	341,833	363,788	375,000
3	Imports at 1954 rate (1×0.103).....	239,479	255,896	269,580	269,745	247,200
4	Excess actual imports over imports at 1954 rate (2-3).....		29,525	72,253	94,043	127,800
5	Ratio (percent) actual imports to production (2÷1).....	10.3	11.5	13.1	13.9	15.6
6	Residual fuel oil:					
	Imports (actual).....	129,124	152,035	162,869	173,201	182,000
7	Imports at 1954 rate (1×0.056).....	129,124	139,128	146,568	146,658	134,400
8	Excess actual imports over imports at 1954 rate (6-7).....		12,907	16,301	26,543	47,600
9	Ratio (percent) actual imports to crude production (6÷1).....	5.6	6.1	6.2	6.6	7.6
10	Coal equivalent: ¹					
	Actual imports, line 6.....	30,987	36,485	39,085	41,565	43,677
11	Excess actual imports over 1954 rate, line 8.....		3,097	3,912	6,370	11,423
12	Residual oil produced from foreign crude:					
	Total production.....	47,760	56,677	68,290	71,732	75,000
13	Production from foreign crude at 1954 rate (1×0.021).....	47,760	52,173	54,963	54,997	50,400
14	Excess actual production over production at 1954 rate (12-13).....		4,504	13,327	16,735	24,600
15	Ratio (percent) actual production to total crude production (12÷1).....	2.1	2.3	2.6	2.7	3.1
16	Coal equivalent: ¹					
	Actual production, line 12.....	11,461	13,601	16,388	17,214	17,999
17	Excess actual production over 1954 rate, line 14.....		1,081	3,198	4,016	5,904
18	Total residual from foreign sources:					
	Total imports and production from foreign crude (6+12).....	176,884	208,712	231,159	244,933	257,000
19	Total imports and production from foreign crude at 1954 rate (7+13).....	176,884	191,301	201,531	201,655	184,800
20	Total excess actual imports and production over 1954 rate (18-19).....		17,411	29,628	43,278	72,200
21	Coal equivalent: ¹					
	Actual imports and production from foreign crude (10+16).....	42,448	50,086	55,473	58,779	61,676
22	Excess actual imports and production over 1954 rate (11+17).....		4,178	7,110	10,386	17,327
23	Cumulative yearly totals:					
	Actual imports and production, line 21.....	42,448	92,534	148,007	206,786	268,462
24	Excess actual over 1954 rate, line 22.....		4,178	11,288	21,674	39,001

¹ 4.167 barrels of oil to 1 ton of coal.

Source: Basic data from U. S. Bureau of Mines.

Mr. REVERCOMB. Mr. President, I ask unanimous consent to also have printed at this point in the RECORD a table entitled "Prices of Residual Fuel Oil, New York Harbor, and Comparative Price of Coal Equivalent, 1946-58."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE B.—Prices of residual fuel oil, New York Harbor, and comparative price of coal equivalent, 1946-58

Year	Average price, residual fuel oil, New York Harbor (barrel)	Average price, coal equivalent (ton)
	(1)	(2)
1946.....	\$1.76	\$7.34
1947.....	2.29	9.52
1948.....	3.00	12.50
1949.....	1.90	7.91
1950.....	2.09	8.72
1951.....	2.32	9.68
1952.....	2.31	9.62
1953.....	2.16	8.98
1954.....	2.23	9.30
1955.....	2.48	10.33
1956.....	2.80	11.67
1957—Jan. 1.....	3.05	12.71
Jan. 21.....	3.30	13.75
Apr. 29.....	3.20	13.33
May 20.....	3.10	12.92
July 22.....	3.05	12.71
Aug. 19.....	2.95	12.29
1958—Jan. 27.....	2.75	11.46
Feb. 26.....	2.65	11.04
May 9.....	2.57	10.71

Source: Col. (1), Platt's Oil Price Handbook and National Petroleum News; col. (2), computed on basis 4.167 barrels of oil to 1 ton of coal.

Mr. REVERCOMB. I close my remarks today by expressing my strong belief that, while we want to deal with great fairness to all other countries, the time has come when we must review the facts and the history of the Reciprocal Trade Agreements Act which is designed for the benefit of our own people. We do not ask foreign countries to accept importations from us which would not be acceptable and which would destroy their own economy. Similarly, some sound step must be taken to reinvest in Congress the basic power which was originally reposed in Congress on this subject. We do not seek to take from the President the power to make agreements; we simply ask that when the agreements are made, they shall be approved or disapproved, as Congress, which is comprised of the representatives of the people, sees fit. Congress should set the course which it deems to be in the best interests of the country.

Mr. HOBLITZELL. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. HOBLITZELL. I commend my distinguished colleague for his remarks with relation to this very serious problem. It is time that Congress gave consideration to the protection of American industry from the threat of foreign competition.

The Senator's story of what is happening in the coal industry is very lucid, and clarifies the problem as it confronts this very essential industry. The coal industry is highly important as it relates to the national defense.

The aluminum industry is a new industry in our State. It, too, is threat-

ened by foreign competition. In recent months there has been a dumping of aluminum into this country by Russia. Russia accounts for 22 percent of the world's production of aluminum, and its dumping has drastically affected the world price of this particular metal. I hope that protection will be afforded against the dumping by foreign countries, not only of aluminum, but of all the other commodities which are also produced in our State, such as rayon.

I know of four glass industries which have shut down in the past 2 years because of foreign competition. We must protect the people of America from the competition of foreign labor which works for low wages, and under low standards of living and working conditions. American industries, which pay high wages cannot compete with the products of foreign countries, which enter our markets on the basis of low-cost labor.

I commend my senior colleague for his statement and wish to associate myself with everything he has said.

Mr. REVERCOMB. I thank my able colleague for his complimentary statement. I am very glad that he mentioned aluminum. For a while aluminum did not need protection. But now aluminum is confronted with the problem we consider here. So the time has come when this important product, which is being advanced for various new uses, should be protected for America, just as steel and other commodities which we need must be protected from unfair and destructive competition.

I include also, as I am sure my colleague would include, the textiles which are produced in the United States. We must turn our attention to what is happening to the domestic production of such commodities. But these matters will be taken care of if we will provide in the law that the majority of Congress may say when the Tariff Commission may be disregarded or overruled when it is found that American industrial production is imperiled. That is a basic consideration. When that has been done, we can turn to protection against the dumping of crude and residual oils, pottery, glass, aluminum, textiles, and all the other articles which mean much to the life of the country.

I appreciate the opportunity of placing before the Senate, in the RECORD, this review of the facts.

I realize that any policy of the Government, particularly if it affects the economy, the standard of living of the people, and their ability to sustain themselves, must have safeguards placed upon it; otherwise, it may be carried too far. But I submit, upon these facts, that the time has come to reinvest in Congress its basic power. Therefore, I urge my colleagues in the Senate to support the bill as it has been reported by the Committee on Finance.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. JOHNSTON of South Carolina in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HOBLITZELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. JORDAN in the chair). Without objection, it is so ordered.

Mr. SMITH of New Jersey. Mr. President, in light of world conditions which are greatly disturbing to all of us, I wish to emphasize that the subject now before the Senate; namely, the bill to extend the Reciprocal Trade Act, is most important, and deserves the fullest possible debate.

I have felt, as have many others, that our domestic industries must be adequately protected; but, from the standpoint of my membership on the Foreign Relations Committee, I desire to state to the Senate and to others who are interested in the subject the position which I believe Members of the Senate must take in supporting the President in connection with the question of extension of the Reciprocal Trade Agreements Act.

Before the latest foreign developments, I had intended to limit my remarks on this subject. Personally, I am wholeheartedly in support of the position taken by the President and the Secretary of State. I think their view that trade agreements are, in a sense, an important part of our foreign policy is a correct one, especially inasmuch as we have been advocating that the countries of Europe act jointly to establish what might be called a composite trading area based on the same principles our country has followed, and which have made it great. Therefore, the situation in the world has a direct bearing on the subject now before us.

I yield to no one in my desire to have adequate protection provided for our domestic industries. The pending bill includes well-considered provisions in this respect. However, the entire question—not only that of the specific domestic industries which may be affected—must be considered. I believe we must bear that point in mind, because it is a significant and serious aspect of the question, and constitutes a real dilemma which must be weighed in its entirety.

Mr. President, I was one of those who supported as strongly as possible the bill, recently passed by the Senate, to protect certain domestic mineral industries, which might be affected by our foreign policies, and tariff policies; industries which are also in difficulties because of the so-called recession. So I am not unmindful of that phase of the issue.

At this time I wish to discuss what I consider to be the other phase or the other side of the issue; namely, the case for extension of the Reciprocal Trade Agreements Act; and I desire to emphasize the importance of the 5-year extension requested by the President. It is possible that this matter can be adjusted in conference with the House, in view of the fact that the Senate committee has proposed a 3-year extension.

The remarks I have prepared are based on my position in favor of a 5-year extension of the Reciprocal Trade Agreements Act; and I shall attempt to relate this matter to our foreign relations. In preparing my remarks I have been in

close contact with members of the State Department, especially with the Under Secretary for Economic Affairs, Mr. Dillon.

There are four main reasons why I believe the President's request for a 5-year extension of the act should be supported.

I. PRACTICAL IMPLEMENTATION OF UNITED STATES TRADE POLICY

In connection with this question, I first wish to emphasize the importance of the implementation of United States trade policy. In that respect, the first point to be considered is that the trade-agreements program has been a keystone of United States foreign policy for 24 years, begun in the period between the two World Wars when we found that the countries of the world were closely interrelated, and we had to take a new look at our policies with other countries. If the Congress is to continue the forward movement of the program, commonsense tells us that whatever powers we give the President must be given in such form, and for such a period, as to enable the President actually to achieve the objectives of the program in negotiations with foreign governments. Indeed, that is the whole purpose of the Trade Agreements Act—to equip the President with sufficient authority, although well defined and limited to be sure, to enable him successfully to conclude trade agreements with foreign nations.

If, on the other hand, we are considering merely the enactment of an empty symbol, a symbol which would proclaim to the world America's endorsement of the principles of freer trade, but would, in the same breath, deny the President the power to implement those principles in actual practice, then it would not matter much whether the act were extended for 5 years, or 10 years, or 1 year. Our own exporters, and the rest of the world would, of course, quickly see through such a transparency. In the end we shall be judged by what we do, not by what we say. And the practical economic interests of our export trade would not be advanced one whit by mere lip service to a principle.

II. POWERS ADEQUATE TO MEET UNIQUE CONDITIONS IN INTERNATIONAL TRADE

The second fundamental consideration underlying the President's request for the 5-year extension flows directly from the first. This is that in the unique conditions in international trade which lie ahead, a 5-year extension is necessary in order to assure that the President will, in fact, be able to make practical use of the tariff-negotiating powers which we give him, whereas the usual 3-year extension would not provide that assurance.

At bottom, therefore, the issue of a 5-year period is a very simple one. It is whether we are to have a trade program that will operate, or one that will not operate.

There is a difference of opinion on this question. I am not dogmatic about it, but I am really arguing against a 1-year or a 2-year or a 3-year extension, for I do not believe, under present world conditions, we will enable this program

to effectuate its objectives by providing a shorter period than 5 years.

When, therefore, President Eisenhower requests on this occasion an extension of the Trade Agreements Act for a period of 5 years, he is not seeking extraordinary powers. He is not asking us to establish new precedents, or to break old ones. He is simply asking for the necessary tool to do the job which needs to be done in the years immediately ahead, if this particular extension of the trade-agreements legislation, like previous extensions, is to be a workable instrument of our foreign economic policy—an instrument which can be used to the benefit of our domestic industries and our relations with the free world.

III. ANSWERING THE COMMUNIST CHALLENGE

The third consideration is the nature and duration of the cold war. This war is not merely an unpleasant interlude to be wished away by wistfully hoping that eventually things will turn out all right. The free world faces a coldly determined and implacable foe, to whom time is of secondary importance.

The challenge must be met with American courage and determination and be answered on all fronts—political, economic, and cultural, as well as military.

We have had this challenge brought to our attention in the last few days by the Lebanon crisis and the Jordan crisis, and it is very possible that there will be crises in other countries in that area of the world. We are in a cold war which is almost a hot war.

If our expectations for the future are to be given the best chance to materialize, we should begin to plan intelligently now for the long haul. We must develop an overall coordinated policy which will make use of all available instruments.

In the last of his four recent and very fine addresses on American foreign policy, the distinguished junior Senator from Montana [Mr. MANSFIELD] observed:

Our policies, for the most part, do not shape events; they are shaped by events. We are forever in pursuit of the last step on the last car of a train that is always pulling away from us.

I agree entirely with that statement.

I submit, Mr. President, that one of the fundamental reasons why this situation exists is that the tools are seldom created to enable this Nation to work out a long-range policy, or to program with some degree of confidence and continuity.

Commonsense tells us that the best hope for the free world lies in greater unity. Interdependence is not simply a term of visionaries and dreamers, but a basic and essential factor in the struggle for freedom and survival. One of the primary building blocks of free world unity is closer economic cooperation. Trade and economics form an extremely important part of our arsenal of weapons. The longer the term of the authority granted to the President under the trade agreements act, the more effectively will we be able to negotiate for tariff concessions for our mutual benefit and assure continuity in our planning and programming.

This question is not a one-way street. Many Americans are engaged in the export business. They are seeking foreign markets, just as foreign countries are seeking markets in this country. I think trade is one of the important vehicles which will determine the course of future events.

The end result will be a greater psychological stimulus to the peoples of the free world and a strengthening of free world economies.

Mr. President, these general considerations are backed up by a fourth very significant and specific one. This involves the initiation of the European Economic Community.

As I shall explain in a moment, the European Economic Community brings together six nations in Europe on the basis of elimination of tariffs, so that there will be one solid bloc to deal economically with out country and with other countries, for their benefit.

I think the remarks I am about to make are on an important subject. No other Senator, I believe, to date has touched on the matter in speeches made on the bill. It is probably our duty as members of the Foreign Relations Committee to call attention to this recent development.

IV. A 5-YEAR EXTENSION AND THE EUROPEAN ECONOMIC COMMUNITY

Why is it true now, in 1958, that a 5-year extension is necessary to carry out effective trade-agreement negotiations, although in 1955, on the occasion of the last extension of the trade-agreements legislation, only 3 years was authorized?

The reasons are to be found in the establishment of the European Economic Community under the Treaty of Rome, which came into effect on the first of this year and, in the necessity for conducting reciprocal tariff negotiations with the members of that community.

The European Economic Community will be of tremendous significance for world trade and for our own exporters. It will merge into one great economic unit—just as the 48 States are merged economically into the Federal Union—the now separate economic systems of West Germany, France, Italy, Belgium, the Netherlands, and Luxembourg.

The European Economic Community will comprise a total population of 160 million people, and will weld together in a single market nations whose gross national product amounted to \$140 billion in 1956.

There will be complete free trade within the community, with all tariffs and trade barriers removed, and there will be a single uniform tariff surrounding the community which will apply to imports into the community from other countries.

In short, the six countries will constitute a single customs territory so that all industries within the six countries will be fully competitive with each other and will be sheltered by a common customs tariff to be applied uniformly at Le Havre, Antwerp, Hamburg, Naples, and other European ports, just as the industries of the 48 States are sheltered by the single tariff of the United States which is

applied uniformly at New York, New Orleans, and San Francisco.

Last year the 6 countries which are to make up the European Economic Community imported from the rest of the world, excluding trade among themselves, some \$14 billion worth of goods, a figure which exceeded total United States imports in that year by more than \$1 billion.

We are speaking, then, of a new economic unit on the world scene which promises to rival if not exceed the United States in the value and volume of its international trade. And we are also speaking of an economic unit which promises to stand in the very front rank as a market for American exports. Last year the United States shipped over \$3 billion in goods to the 6 countries involved, a figure equal to nearly 17 percent of the total export trade of the United States to all foreign countries. To put it in another way, one dollar out of every six of our exports went to the countries which will form the European Economic Community.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I would be delighted to yield to the Senator after I have finished my address, which will not be long.

Mr. AIKEN. I was simply going to point out what is happening to the business of the European Economic Community and why it is happening. It is because of negligence on the part of the Congress.

Mr. SMITH of New Jersey. I am glad the Senator has brought that to our attention.

Mr. AIKEN. The holding up by the House of Representatives, of Public Law 480, which provides for the sale of American farm commodities to other countries, is doing inestimable harm not only to the economy of the United States, but also the world economy. I could not resist pointing that fact out at this time.

If the proposed legislation which the Senate passed months ago is enacted into law there will be a substantial recovery in these markets which has been lost, not only to us but to other countries as well.

Mr. SMITH of New Jersey. I thank the Senator from Vermont for his comment. I shall continue with my prepared remarks.

As the European Economic Community develops and grows under the healthy, competitive forces that will be released by economic union, we may expect that the market for American goods will expand; provided, however—and I wish to emphasize this point—provided always that the commercial policies of the new Community are liberal and that its tariff treatment of our exports is reasonable.

It is clear that American agriculture, to which the distinguished Senator from Vermont referred, American industry and American labor have a truly huge stake in the future of the European Economic Community. It is the responsibility of the Government, including the Congress, to see to it that the economic

interests of our own people are adequately protected and advanced.

The relationship between the President's request for a 5-year extension of the Trade Agreements Act and the creation of a European Economic Community is this: The next 4 to 5 years will constitute the crucial formative years of the European Economic Community. It will be during this period that the Community will not only begin to eliminate the tariffs which now apply to trade among the six countries, but will also decide both the level and commodity pattern of the single common tariff which all members of the Community will apply to imports from countries outside the Community, including the United States. If the United States is to exert its influence to move the new community tariff in a downward direction, then the President must have authority to conduct reciprocal trade-agreement negotiations to that end.

I wish to observe at this point, Mr. President, that the central object of the legislation now before us is to enable reductions in the common tariff of the European Economic Community rather than merely to prevent increases. Both the provisions of the Rome Treaty and the provisions of existing trade-agreements obligations between the parties to the Rome Treaty and ourselves, as set forth in the General Agreement on Tariffs and Trade, make it clear that the new tariff of the European Economic Community will not be higher, on the whole, than the average of the separate tariffs of the six member countries making up the European Economic Community.

It will not be enough, however, to hold the line at the average of existing tariffs in the Community countries. For with the elimination of tariffs within the Community, West Germany will become a more effective competitor against American exports to France, France will become a more effective competitor against American exports to West Germany, Italy will become a more effective competitor against American exports to both France and West Germany, and so on around the circle.

To illustrate this point, let us suppose that before the establishment of the European Economic Community France had a tariff of 28 percent on imports of ball bearings from all foreign sources, including the United States and Germany, let us also suppose that under the new common tariff the rate on imports of ball bearings into France is only 18 percent—that is to say a rate equal to the average of the separate rates now applicable to imports of ball bearings into each of the member countries. Under such circumstances the tariff on imports of American ball bearings into France would be less than before—a reduction from 28 percent to 18 percent—but at the same time the German exporter to France would have gained a tariff advantage over the American exporter to France. Whereas before the German exporter to France would pay the same tariff as the American exporter, namely 28 percent, under the new tariff arrangements of the European Economic Com-

munity the German exporter of ball bearings to France will pay nothing at all, but the American exporter to France will have to pay a tariff of 18 percent.

The illustration I have given with respect to ball bearings is typical of all products which American producers may be able to export to the six countries of the European Economic Community and which are or can be produced within the European Economic Community. For all products which American producers can export, and which industries within the European Economic Community can produce, there will be a tariff disadvantage against the American producer and in favor of the European producer. This, of course, is an inevitable result of the creation of a customs union among the six countries which form the Community.

In spite of that danger to us, we favor what the Europeans have done. We believe the step they have taken is the right step from their standpoint and the standpoint of the interdependence of the world.

Surely, Mr. President, it will be to the great benefit of the export trade of the United States to see to it that the tariff rates of the European Economic Community, of interest to us, are not only not in excess of the average rate, but are brought down below the average as much as possible. American exporters of ball bearings to France, for example, could be expected to do much better if the tariff advantage in favor of Germany is only 10 percent or 12 percent than if it is 18 percent, as in the illustration I have just cited.

To accomplish this objective of reducing the average of the new community tariff—and I repeat that we already have assurances through GATT that the average will not be exceeded—we must have the tariff negotiating authority provided for in the pending legislation. There is no other way.

The fact of the matter is that tariff negotiations between the United States and other interested countries, on the one hand, and the members of the European economic community, on the other hand, cannot be arranged and brought to conclusion within the 3-year period which is customary for extensions of the Trade Agreements Act. The reasons for this are threefold.

This is the important point in the remarks I am making about providing adequate time for our negotiators, especially the President of the United States.

First. Time will be required for the members of the European Economic Community to get together and frame a draft of the new proposed common-market tariff. It is my understanding that we cannot expect to receive this draft for examination until the last part of 1959, that is to say up to 1½ years from now.

Second. The United States and other governments negotiating with the European Economic Community will require more time than usual to prepare for negotiations with the Community, simply because the establishment of a wholly new tariff structure around the Community, accompanied by free trade within

the Community will require new and thoroughgoing economic analyses. Our negotiators will not be able to rely, as in previous negotiations, on the older studies of European national tariffs already in the Government's files. It is my understanding that these preparations will require from 1 to 1½ years after we receive the draft Community tariff for examination—that is to say up to January or June 1961, or from 2½ to 3 years from now.

Third. Actual negotiations with the European Economic Community, after such negotiations have begun, will require more time to complete than ordinary tariff negotiations. It must be remembered that every reduction in its common tariff which the Community may be prepared to offer to the benefit of the American export trade will require prior agreement among the 6 members of the Community. And the 6 members will also have to reconcile their views on the requests for tariff concessions which they may want to make of us. This circumstance, which has no precedent in previous tariff negotiations, means that more time will be needed to arrive at negotiating decisions. I am informed that at least 1 full year will be required for carrying through tariff negotiations with the European Economic Community, as compared with 7 months for previous negotiations at Geneva in 1947 and at Torquay in 1951.

For the three reasons I have outlined, we cannot plan on negotiations being completed—at the very earliest and allowing no time for slippage—before January 1, 1962, or 3½ years from now. But, to be realistic, it is far more probable that negotiations of this complexity and importance cannot be completed before June or December of 1962, that is to say, from 4 to 4½ years from now.

This is why, Mr. President, a 5-year extension of the Trade Agreements Act is important.

Nevertheless, it may be argued in support of a 3-year extension that the executive branch can always come back to the Congress and ask us for a further extension of time if that is needed in order to complete negotiations in progress. I believe that such a procedure would be unwise. I have taken this question up with the Department of State, and especially with the new Under Secretary for Economic Affairs. It would weaken the bargaining strength of our negotiators, who would be uncertain as to the ability of the United States to deliver on the offers which they may be making. It would raise doubts in the minds of foreign negotiators as to whether a negotiation under such dubious circumstances should be entered into at all. And, finally, it would place the Congress in a very difficult situation because we would be faced with the choice of either extending the legislation or bringing about the collapse of the far-reaching international negotiations then in progress.

It has also been argued, Mr. President, that the Congress should enact a 3-year extension because American businessmen are not certain as to what conditions will be like in the future.

Therefore, a 3-year extension is said to be preferable to a 5-year extension. I submit that this is not a sound argument, for the simple reason that a 5-year extension will give American producers far greater assurance that they will be able to compete, and in what manner, in the markets of the European Economic Community, than will a 3-year extension.

Mr. CARLSON. Mr. President, will the Senator yield at that point?

Mr. SMITH of New Jersey. I am glad to yield.

Mr. CARLSON. I wish to commend the Senator for his very fine statement as to the need for a 5-year extension of the Reciprocal Trade Agreements Act. As a member of the Senate Finance Committee, I supported in committee a 5-year extension. I did so for the very reasons which the distinguished Senator from New Jersey has set forth in his statement today.

I believe that everyone who has studied the entire program under the Reciprocal Trade Agreements Act, from its enactment in 1934, must realize, after some 20 years' experience, that unless we look to new fields, we shall have traded away most of the benefits we have gained under reciprocal trade agreements. It seems to me that the next important phase of the entire economic picture lies in the European Economic Community. I believe that the United States must realize that the European Economic Community is a going organization of 6 nations, and is also a part of the proposed program of 17 free-trade, associated nations, a fact which is most important. Their combined population is greater than that of the United States. They have great industrial capacity, which is expanding. I wish to reiterate the importance of our Nation being closely tied with the European Economic Community when it comes to working out a trade program. If we do not realize the importance of it, and act to protect our interests, in my opinion we shall be left out. There is grave danger for this Nation if we fail to protect ourselves at this time and fail to make sure that we are in a position to negotiate with the European Economic Community as it begins to make its plans.

As the Senator from New Jersey has well stated, there is a timetable. On January 1, 1959, tariffs in this 6-country area will be reduced 10 percent. Then they will hold steady for a year and a half or 2 years, following which there will be other changes. This is a 12-year program. It is not a 5-year program or a 3-year program. I hope Congress will give every consideration to the timetable before the pending legislation is finally approved.

Mr. SMITH of New Jersey. I thank the Senator from Kansas for emphasizing what I have been trying to stress, namely, the great importance of the European Economic Community. That point is not discussed in the majority report of the committee. There is no reference to it. We must think in terms of the program of the European Economic Community, which means much to the future of our trade with Europe.

The President has called it to our attention. I have discussed the subject with him personally. I have also talked with Mr. Dillon about it. The facts must be placed in the RECORD and brought to the attention of the Senate before final action is taken on the bill. That includes action by the House.

As the Senator knows, the House provided for a 5-year extension. The Senate committee reduced the extension from 5 years to 3. I shall submit an amendment on this subject, which will lie on the table. Whether we wish to go to conference with the House on a basis upon which the subject can be thoroughly studied by the Senate and House conferees is a question which I shall have to leave to those who will have the responsibility.

Mr. CARLSON. Mr. President, will the Senator from New Jersey further yield?

Mr. SMITH of New Jersey. I am glad to yield. The Senator is making a fine contribution to the discussion. He is a member of the Finance Committee, and he knows the subject from every angle.

Mr. CARLSON. I thank the Senator. I sincerely hope that adjustments can be made in conference. I have my own definite views as to whether the Senate will take action on the particular amendment to which the Senator refers. I favor a 5-year extension. Regardless of that, I hope that a satisfactory adjustment can be made. We are not merely extending the Reciprocal Trade Agreements Act, but we are seeking methods which will be helpful to us in arriving at a program of continuous trade in an area which will tighten into a six-nation European community.

I assure the Senator that I hope to find some time, before the debate is concluded, to discuss this question further.

Mr. SMITH of New Jersey. I thank the Senator. I hope we shall hear from him later on this subject.

Returning to my text—

V. AMERICAN OPINION AND A 5-YEAR EXTENSION

Finally, Mr. President, before concluding, I want to give a few facts and figures in connection with support by the American people for a 5-year extension of the Trade Agreements Act. I have not had an opportunity to examine thoroughly the hearings before the Senate Finance Committee in this regard, so the data which I will present is based upon the hearings before the House Ways and Means Committee.

Some 177 nongovernmental witnesses appeared before the House committee. About 115 of these witnesses, or those representing almost two-thirds of the oral testimony given before the committee, favored an extension of the act from a minimum of 5 years to permanency.

These witnesses represented a cross-section of America, from large national organizations to local and regional groups.

The AFL-CIO supported an extension of at least 5 years. So did the United States Chamber of Commerce, and many, many local chambers of commerce throughout the country. Support was received from the American Bankers As-

sociation, the American Farm Bureau Federation, the National Grange, the National Farmers Union, and tobacco, cotton, fruit, and poultry associations. Catholic, Protestant and Jewish national organizations favored the 5-year ap-proach.

Other national public interest groups, including the General Federation of Women's Clubs, the Cooperative League of the United States of America, and the League of Women Voters, among others, urged adoption of a 5-year extension.

In addition to these national and local groups, the 5-year extension was heavily supported by the newspapers of this great Nation, from the Portland (Maine) Press Herald, to the Portland (Oreg.) Oregonian. From the Chicago Tribune, and the Boston Herald, to the New Orleans Times-Picayune, and the Atlanta Constitution.

Some of the Members of Congress conducted polls among their constituents in respect to a 5-year extension. Our own colleague, the distinguished junior Senator from Iowa [Mr. MARTIN], was one of these able representatives. From Ohio, Michigan, California, South Dakota, Pennsylvania, Nebraska, New Jersey and Iowa, the people polled supported a 5-year bill by the following percentages: 66, 63, 55.5, 59.4, 72, 52, 67, and 71.

Mr. President, this is the opinion of a great segment of the American people. This is not the special interest voice. This is the laborer, the farmer, the businessman, the teacher, the professional man, the housewife, the grandfather and the young married couple. They all support a 5-year extension of the act. When we come to consider this point in debate, I hope that we will not forget this strong demand throughout the Nation.

VI. CONCLUSION

In conclusion, and to summarize:

First. If the United States and the free-world nations are to be able to plan intelligently and with some hope of continuity of programing, in order to answer effectively the Communist challenge, it is much more sensible to extend the Trade Agreements Act for 5 years than for 3.

Second. If an extension of the trade-agreements legislation is to be meaningful, the law must be extended for a period necessary to enable the President to make practical use of the powers granted him by the law.

Third. In the period ahead the practical use of the President's powers under the law will require negotiations with the European Economic Community.

Fourth. Negotiations with the Community are essential to protect and advance the economic interests of the United States, as well as to strengthen economically the free world in general.

Fifth. Negotiations with the Community cannot possibly be completed within the customary 3-year extension period and are likely to require from 4 to 4½ years.

This, Mr. President, is in my judgment the case for a 5-year extension of the Trade Agreements Act. I consider it

a strong case on its merits. I therefore believe that on this unique occasion the Senate should uphold the action taken by an overwhelming vote in the other body to grant President Eisenhower's request for a 5-year extension of the trade-agreements authority.

Mr. President, I note that the Committee on Finance has revised the escape clause procedure under which the President's disapproval of a Tariff Commission recommendation would be overridden. That question will come up later, but I wish to align myself with those who feel that the House provision to protect the President, when he finds it necessary to disagree with the Tariff Commission's finding, is preferable. It would require a two-thirds vote to reverse the President. It is similar to the vote required to override a Presidential veto. Certainly the President should be in as strong a position in this field as he is in the case of a veto.

Mr. President, I send to the desk, to have printed and lie on the desk, an amendment dealing with the 5-year extension.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the desk.

Mr. JAVITS. Mr. President, I, too, wish to address myself to this subject of reciprocal trade, which I consider to be one of the major and important ones before the Congress, especially in the current foreign-policy crisis, which overshadows everything we do here. The people of the country look to us to keep the peace in terms of the very safety and survival of the United States. Every action we take, especially an action in a field so closely allied with foreign policy as is this bill, must be taken in the shadow of today's events and in the light of their implications.

The Nasser inspired overturn of government in Iraq and the landing of United States troops in Lebanon sharpen and accentuate the reasons which demand renewal of the Reciprocal Trade Agreements Act as passed by the House of Representatives. Should the Senate approve the bill as reported by the Finance Committee which seriously restricts the reciprocal trade agreements program, the results could be disastrous.

Obviously, if the United States at this critical moment in international affairs reverses the course of its reciprocal trade policy and starts driving economic wedges between the United States market and free-world countries, their confidence in our entire foreign policy can be irrevocably shaken and their own economic systems, even where based on sound principles of free enterprise, would be in serious jeopardy.

Let us talk frankly about the emergency. The emergency for free Europe relates to the availability of the oil supply from the Middle East and if this fails the need to acquire a substantial part of its oil from the Western Hemisphere, as it did during the Suez crisis. Such an emergency accentuates all the more for free Europe the necessity of two-way trade encouraged by the reciprocal trade agreements program.

Mr. President, oil can be a seamy thing, full of suspicion and unfair dealings; however, oil is also the lifeblood which pours through the jugular vein of Europe. The Russians know it, and we know it. The Russians know that if the sources of Middle East oil could be cut off, and tremendous drains imposed upon the oil reserves of the Western Hemisphere, they would be in contemplation of a time when all or most of Europe might have to yield to her.

I, like most other persons, favor the aspirations of that nationalism which seeks to improve the condition of peoples through effective development of their resources, whether it be the nationalism of the Arabs or other people. After all, we are ourselves the revolutionary product of nationalism, in terms of world history of not so many years ago. However, nationalism which denies to others the things which they need, and to those who have them the right to dispose of them fairly and equitably, or which is used for the purpose of destroying other States and societies, or is based upon threats, is nothing but a scourge—a typical Communist-inspired movement. Just as we have learned how to deal with direct Communist aggression, so we must now learn to deal with indirect Communist aggression no matter how disguised.

Therefore, to present the countries of free Europe at this point with a protectionist oriented reciprocal trade agreements renewal would be striking them yet a new shock added to the one—the upheaval in Iraq—already being absorbed in the Near East.

Mr. President, I was very glad to hear my colleague from New Jersey [Mr. SMITH] submit an amendment seeking to extend the Act for 5 years, instead of the 3-year limitation specified in the pending bill. The other committee amendments which, in my opinion, require reversal, in view of the tremendously historic events now occurring, and which we are confronting today, involve the need for congressional approval of the President's decision to override Tariff Commission findings on the escape clause; the enlargement of the items to be protected on national security grounds; and the limitation from 25 percent to 15 percent on the allowable negotiating authorization on reciprocal trade revisions.

Both the industrial nations of Europe and the less developed countries so far uncommitted would interpret such congressional reaction as a full fledged retreat in the face of the severe blow delivered our foreign policy objectives in the Mideast by the militant overthrow of the Iraq Government and the imminent danger to Jordan and Lebanon. Russia and the Communist bloc nations, on the other hand, would interpret these votes as an open invitation to push forward with their growing Communist trade-aid offensive which so frequently paves the way for Communist subversion in underdeveloped areas: Witness the conflagration in Iraq, the outbreak of violence in Lebanon, the crisis in Ceylon, rebellion in Indonesia, and the mob violence

stirred up in several Latin American countries against Vice President Nixon.

The sharp reverse which our foreign policy has suffered in the Iraqi coup calls for new decisions in our foreign policy which have already been initiated on the highest level—but this does not mean jettisoning foreign policy. On the contrary, we need to remain true to its strong points and exploit them even further. But, we need also a new freshness, vigor, and enterprise where it has not been present before; it is now needed to reverse static policies based on old balance of power theories, on overreadiness to identify free world objectives with support of the status quo in any country and upon overemphasis on anti-communism rather than positive freedom as the measure of the success of any free world country.

We should also have some idea of our successes at the same time we consider our failures. In all fairness we should note that United States foreign aid agreements have been made with 18 of the 20 nations established after World War II and that the population of the nations so aided is more than 95 percent of the 700 million total in these 20 nations. Also, that we trade with all 20 of these nations and that in many cases our trade is indispensable to their very existence. In nations like India, Vietnam, Burma, Ceylon, and Ghana we have shown a willingness to deal with governments many of whose policies are highly socialized without our taking a doctrinaire position on their social orders; also that in these and other countries United States aid and trade have come directly within the consciousness of the rank and file of the people. Indeed, land and

agricultural reform in India and Vietnam particularly demonstrate this, as does our recent aid to Ceylon to relieve famine.

I personally saw in operation at the end of 1956 the village development scheme in India. This project is the greatest recipient of our aid to India. It bears the idea of United States aid into the minds of millions of people in India, especially in the villages, many of whom have never had access even to a main road, let alone any ideas of freedom or of modern technology and civilization. These people all recognize that they are being tremendously assisted to a higher standard of living and a greater opportunity in the world, and that the United States is directly participating in such assistance.

The critical point is that the flexibility of our trade policy represents an indispensable element in such parts of our foreign policy as have been successful.

The Soviet bloc has shown the ability to shift its import and export direction in support of political considerations. We, as a free enterprise Nation, cannot do so. Therefore, the method of overcoming the Soviet advantages at particular times is to have a trade program which is sufficiently flexible to match the Soviet efforts wherever they may come. Of all the times to jettison this flexibility, which has been so important an element in our foreign policy, this time would be the most unpropitious, for the reasons I have already stated.

Vital though our foreign economic aid program is in helping to meet both the short- and long-range economic needs of the free-world nations, it still cannot begin to challenge the importance in

terms of dollar impact of United States trade with the areas involved.

In other words, trade is still what these countries live by. Aid is their hope for improving their condition. A reversion to more protectionism in our trade policy can undo in a few months the beneficial results of our policies of foreign aid and technical assistance for 1 year. For example, in 1957 our trade with Brazil was more than \$1 billion compared with United States economic aid to that country of about \$40 million; United States exports and imports to Italy amounted to nearly \$1 billion but our economic assistance was under \$100 million; United States trade with India, in which United States exports exceeded imports by higher than a 2-to-1 ratio, was more than \$600 million, while economic aid came to about \$62 million roughly 10 percent; and United States trade with Turkey, where we carry such heavy responsibilities for assistance, was more than \$221 million compared with \$137 million in United States economic assistance.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD tables which show United States Government aid as compared with trade in the years 1953 to 1957, inclusive, with respect to Italy, Japan, India, Brazil, Turkey, and Peru. These are fair examples of the critical relationship which our trade bears to the economy of these countries as compared with what we can do to help them improve their standards of living through economic aid.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—U. S. Government aid to and trade with Italy, 1953-57

[Millions of dollars]

	1953	1954	1955	1956	1957		1953	1954	1955	1956	1957
A. United States grants and credits other than military, to Italy:^{1 2 3}						A. United States grants, etc.—Con. Short-term foreign claims acquired through sale of agricultural commodities:					
Net grants and credits.....	106.3	82.3	39.2	51.7	57.7	Net change through transactions.....		17.8	17.2	19.8	40.0
• Net grants.....	133.6	93.5	58.7	68.7	44.3	• Currency claims acquired through sales.....		17.8	17.5	31.3	94.3
Gross grants.....	145.4	102.2	63.8	69.7	45.5	• Currency advanced by foreign government (net).....				2.2	-1.1
Mutual security aid.....	138.6	92.1	33.9	46.2	21.6	• Intercompany transfers.....					-1.2
Agricultural commodities through private agencies.....	6.8	10.1	29.9	23.5	23.9	• Use of foreign assets.....			.3	13.7	53.0
Reverse grants and returns on grants.....	11.8	8.7	5.1	1.0	1.2	B. Merchandise trade:					
Net credits.....	-27.3	-11.2	-19.5	-17.0	13.4	United States exports to Italy ⁴	292.3	309.6	358.8	526.3	661.4
New credits.....	1.5	2.7		5.7	42.6	United States imports from Italy.....	158.6	141.5	180.1	216.0	245.2
Export-Import Bank.....	.8	2.7		5.7	20.6	C. Description of imports from Italy:					
Mutual security under Agricultural Trade Development and Assistance Act.....					22.0	The largest part of United States imports from Italy falls in the broad class of manufactures. Textile products, leather goods, sewing machines, motorcycles, musical instruments, and artworks are typical of these imports. Structural steel products, electrical and industrial machinery, and automobiles were most prominent, however, in the rise during the past 2 years in imports from Italy.					
Mutual security deficiency and basic materials development.....	.6					Specialty food products and wines make up roughly 1/2 of the total; raw materials, such as marble, fluorspar, and nonferrous metals represent a smaller proportion.					
Principal collections.....	28.8	13.9	19.5	22.7	29.2						

¹ For security reasons, data on military aid by country are excluded in all periods.

² Data obtained from Foreign Grants and Credits, issues of December 1954, 1955, 1956, and 1957, and are not fully revised.

³ Data cover Italy and Trieste.

⁴ Excluding special category.

TABLE 2.—U. S. Government aid to and trade with Japan, 1953-57

[Millions of dollars]

	1953	1954	1955	1956	1957		1953	1954	1955	1956	1957
A. United States grants and credits, other than military, to Japan: ^{1 2}						A. United States grants, etc.—Con.					
Net grants and credits.....	-2.4	39.1	13.9	77.6	82.8	Short-term foreign claims acquired through sale of agricultural commodities:					
Net grants.....	.3	1.3	11.7	17.3	13.5	Net change through transactions.....		47.1	10.9	10.3	-35.9
Gross grants.....	.3	1.3	11.7	17.3	13.5	Currency claims acquired through sales.....		47.1	72.4	51.0	21.8
Mutual security aid.....		.8	10.2	13.9	11.0	Use of foreign assets.....			61.6	40.7	57.7
Agricultural commodities through private agencies.....	.3	.5	1.5	3.4	2.5	B. Merchandise trade:					
Reverse grants and returns.....						United States exports to Japan ³	680.0	682.2	648.5	901.9	1,230.5
Net credits.....	-2.7	37.8	2.2	60.3	69.3	United States imports from Japan.....	261.5	279.0	431.9	557.9	600.5
New credits.....	40.0	80.2	84.6	106.3	144.9	C. Description of imports from Japan:					
Export-Import Bank.....	40.0	80.2	43.5	73.7	114.8	Imports from Japan include a wide variety of manufactured products—textile manufactures, wool products, china and earthenware, metal manufactures, sewing machines, textile machinery, toys and sporting goods, et al. Foodstuffs, chiefly fish, account for 1/10 of the total; raw silk, plywood, sawmill products, and ferroalloys—the principal industrial materials obtained from Japan—for about 17 percent.					
Mutual security under Agricultural Trade Development and Assistance Act.....			41.1	32.6	30.0						
Principal collections.....	42.7	42.4	82.4	46.0	75.6						

¹ For security reasons, data on military aid by country are excluded in all periods.³ Excluding special category.² Data obtained from Foreign Grants and Credits, issues of December 1954, 1955, 1956, and 1957, and are not fully revised.

TABLE 3.—U. S. Government aid to and trade with India, 1953-57

[Millions of dollars]

	1953	1954	1955	1956	1957		1953	1954	1955	1956	1957
A. United States grants and credits, other than military, to India: ^{1 2}						A. United States grants, etc.—Con.					
Net grants and credits.....	37.4	28.8	105.6	82.0	-63.2	Short-term foreign claims acquired through sale of agricultural commodities:					
Net grants.....	37.4	28.8	102.0	61.9	46.6	Net change through transactions.....			10.7	36.9	249.0
Gross grants.....	37.4	28.8	102.0	61.9	46.6	Currency claims acquired through sales.....			10.7	48.3	254.8
Mutual security aid.....	36.1	27.0	74.8	46.7	34.5	Use of foreign assets.....				11.4	5.7
Agricultural commodities through private agencies.....	1.3	1.8	27.2	15.2	12.1	B. Merchandise trade:					
Reverse grants and returns on grants.....						United States exports to India ⁴	156.6	164.4	191.4	274.2	437.6
Net credits.....			3.6	20.1	-109.8	United States imports from India.....	229.9	200.1	221.4	205.6	211.1
New credits.....			5.9	20.6	15.6	C. Description of imports from India:					
Mutual security program.....			5.9	20.6	15.6	Industrial raw materials such as burlaps, manganese ore, carpet wool, shellac, and mica account for between 70 and 80 percent of total United States imports from India. Foodstuffs, chiefly cashew nuts, tea, and black pepper, make up most of the balance.					
Principal collections.....			2.3	.5	³ 125.4						

¹ For security reasons, data on military aid by country are excluded in all periods.³ Return of lend-lease silver amounted to \$122,700,000.² Data obtained from Foreign Grants and Credits, issues of December 1954, 1955, 1956, and 1957, and are not fully revised.⁴ Excluding special category.

TABLE 4.—U. S. Government aid to and trade with Brazil, 1953-57

[Millions of dollars]

	1953	1954	1955	1956	1957		1953	1954	1955	1956	1957
A. United States grants and credits, other than military, to Brazil: ^{1 2}						A. United States grants, etc.—Con.					
Net grants and credits.....	326.3	29.9	24.0	-12.5	9.5	Short-term foreign claims acquired through the sale of agricultural commodities:					
Net grants.....	2.9	2.7	5.6	6.4	6.9	Net change through transactions.....		3.3	3.4	37.7	-6.1
Gross grants.....	2.9	2.8	5.6	6.4	6.9	Currency claims acquired through sales.....		3.3	3.4	39.7	28.6
Mutual security aid.....	2.9	2.8	2.9	3.8	4.8	Use of foreign assets.....				2.0	34.6
Agricultural commodities through private agencies.....			2.6	2.6	2.1	B. Merchandise trade:					
Inter-American and related highways.....		(³)	(³)			United States exports to Brazil ⁴	314.4	474.7	253.6	308.6	481.8
Reverse grants and returns.....		.1				United States imports from Brazil.....	768.5	681.7	632.5	745.7	700.1
Net credits.....	323.4	27.2	18.4	-18.9	2.6	C. Description of imports from Brazil:					
New credits.....	337.7	53.5	91.8	41.2	76.3	Imports from Brazil are largely foodstuffs—principally coffee and cocoa. Other imports, 10 to 15 percent of the total, consist of industrial raw materials, principally iron ore and ferroalloys, carnauba wax, and hides and skins.					
Export-Import Bank.....	336.0	48.1	87.1	30.6	46.1						
Mutual security under Agricultural Trade Development and Assistance Act.....					30.2						
Merchant ship sales.....				6.2							
Defense mobilization development.....	1.7	5.5	4.7	4.4	(³)						
Principal collections.....	14.3	26.3	73.4	60.1	73.7						

¹ For security reasons, data on military aid by country are excluded in all periods.³ Less than \$50,000.² Data obtained from Foreign Grants and Credits, issues of December 1954, 1955, 1956, and 1957, and are not fully revised.⁴ Excluding special category.

TABLE 5.—U. S. Government aid to and trade with Turkey, 1953-57

[Millions of dollars]

	1953	1954	1955	1956	1957		1953	1954	1955	1956	1957
A. United States grants and credits, other than military, to Turkey: ^{1 2}						A. United States grants, etc.—Con.					
Net grants and credits.....	40.0	47.1	67.2	106.5	83.0	Short-term foreign claims acquired through sale of agricultural commodities:					
Net grants.....	44.2	50.3	53.7	84.7	60.5	Net change through transactions.....			25.0	16.3	53.9
Gross grants.....	48.8	54.6	57.3	90.7	69.2	Currency claims acquired through sales.....			32.6	23.2	69.6
Mutual security aid.....	48.8	54.5	57.1	90.4	68.7	Currency advanced by foreign government (net).....			.5	— .5	.5
Agricultural commodities through private agencies.....		(³)	.2	.3	.5	Use of foreign assets.....			8.1	6.4	16.2
Reverse grants and returns on grants.....	4.6	4.3	3.6	6.0	8.7	B. Merchandise trade:					
Net credits.....	—4.2	—3.2	13.5	21.8	22.5	United States exports to Turkey ⁴	69.9	87.0	101.9	115.8	139.4
New credits.....	.8	.1	16.2	24.1	24.1	United States imports from Turkey.....	84.0	64.7	57.2	68.4	92.4
Export-Import Bank.....	.8	.1	.4	4.3	.5	C. Description of imports from Turkey:					
Mutual security program.....	(³)		15.8	19.8	23.6	Imports are almost altogether industrial raw materials, chiefly Turkish cigarette leaf and chrome ore or chromite. A small proportion, 4 to 8 percent, of imports consist of foodstuffs.					
Principal collections.....	5.0	3.3	2.7	2.3	1.6						

¹ For security reasons, data on military aid by country are excluded in all periods.² Data obtained from Foreign Grants and Credits, issues of December 1954, 1955, 1956, and 1957, and are not fully revised.³ Less than \$50,000.⁴ Excluding special category.

TABLE 6.—U. S. Government aid to and trade with Peru, 1953-57

[Millions of dollars]

	1953	1954	1955	1956	1957		1953	1954	1955	1956	1957
A. United States grants and credits, other than military, to Peru: ^{1 2}						A. United States grants, etc.—Con.					
Net grants and credits.....	11.2	1.0	8.1	25.9	52.2	Short-term foreign claims acquired through sale of agricultural commodities:					
Net grants.....	1.9	2.5	3.2	8.1	10.5	Net change through transactions.....			3.2	—1.8	1.1
Gross grants.....	1.9	2.5	3.2	8.1	10.5	Currency claims acquired through sales.....			5.8	1.7	4.0
Mutual security aid.....	1.8	2.4	2.6	7.3	9.7	Use of foreign assets.....			2.5	3.4	3.0
Agricultural commodities through private agencies.....	.2	(³)	.7	.8	.8	B. Merchandise trade:					
Reverse grants and returns.....	(³)					United States exports to Peru ⁴	122.4	99.9	123.2	162.6	197.6
Net credits.....	9.3	—1.5	4.9	17.8	41.7	United States imports from Peru.....	86.9	96.5	110.5	134.6	137.2
New credits.....	9.7	.1	6.0	19.3	44.3	C. Description of imports from Peru:					
Export-Import Bank.....	9.7	.1	.1	10.7	36.3	Imports from Peru are chiefly industrial raw materials, with imports of copper, lead, and zinc accounting for approximately half of all imports in the last 5 years. Other metals make up an additional 10 to 20 percent of the total. Foodstuffs—sugar, coffee, and fish—contribute a further 10 to 20 percent.					
Mutual security program.....			3.6	6.3	5.7						
Mutual security under Agricultural Trade Development and Assistance Act.....			2.3	2.3	2.3						
Principal collections.....	.4	1.6	1.1	1.5	2.6						

¹ For security reasons, data on military aid by country are excluded in all periods.² Data obtained from Foreign Grants and Credits, issues of December 1954, 1955, 1956, and 1957, and are not fully revised.³ Less than \$50,000.⁴ Excluding special category.

Mr. JAVITS. Mr. President, the economic interdependence of the majority of nations in the free and noncommitted world with the United States based primarily on trade relations cannot be overstated, particularly from the point of view of many single commodity countries. For although the United States amassed a record breaking \$32 billion in trade in 1957, exclusive of military material exports—\$25 billion of that with the 43 countries with which we have trade agreements—it still added up for only about 6 percent of our gross national product.

The difference between exports and imports in respect of countries with which we had trade agreements was \$4.6 billion as contrasted with an aggregate export surplus to us of \$5.8 billion for all countries with which we engaged in foreign trade.

Notwithstanding these enormous figures, it still added up to only about 6 percent of our gross national product. That is not a matter of absolute economic life and death to us, although it is of critical importance in certain areas of activity.

In stark contrast is the position of the average underdeveloped area where the export-import trade represents more than one-third of its entire gross national product. The Latin American countries look toward this Nation as the major market for their exports and the major source of their imports, nearly half the

total in both instances. Individual countries like Brazil sell 40 percent of its total exports here, while we buy 60 percent of the Philippines' exports and nearly 30 percent from the export-or-die nation of Japan—so serious is this matter to Japan. It seems to me that a reactionary policy in respect of world trade would be tremendously damaging to the future to which all these countries have to look forward.

In less developed areas, the most important objectives of their governments must be economic growth in the face of such obstacles as spiraling birth rates, insufficient capital investment, and the chronic problems of health, housing, education, and the insufficiency of technically trained manpower. Twenty years from now, the major industrial nations, including ourselves, expect to double the standard of living for the average worker while the less developed nations will probably be able to increase their average citizen's per capita share of the national product about 30 percent. Should these economies of the underdeveloped areas be rocked now by serious problems in their United States import market, then the hopes of a billion people to materially improve their lot outside the Communist bloc will be dimmer at best. These are the most portentous implications for United States foreign policy and United States trade policy which one could imagine.

In such an examination of the implications of United States trade policy it would be a serious mistake to underestimate the degree of our own dependence on imports. A crucial 10 percent of all the raw materials used by United States industry are imported today from free nations, including 100 percent of our natural rubber, 100 percent of our tin, 99 percent of our chromite, 95 percent of our manganese, 72 percent of our tungsten, and 70 percent of our bauxite to make aluminum. The indispensability of these raw material imports to the operation of the most powerful industrial machine on earth is unquestioned.

On the other side of the coin, only two categories of our gross national product—consumer purchases of apparel and business purchases of capital equipment—are more important than merchandise exports to our total economic situation.

Let us see where we have a tremendous impact on our economy in the matter of exports.

One-fifth to one-third of our civilian aircraft, railroad cars, construction, and mining equipment, textile machinery, sewing machines, and steel and rolling mill machinery have been sold on foreign markets in recent years, while the United States farmer produces about 11 percent of his total output for export—a precious outlet for this country's farm surpluses and needed nourishment for many young

nations converting from strictly agricultural to a more industrial economy.

Indeed, Mr. President, although we may not live or die, in terms of national survival, as a result of the continuance of our export or our import trade, I deeply believe that it can, and does, represent, in the case of many industries, the difference between depression conditions and reasonably prosperous operations.

One of the bright spots of the entire recession period in this country has been foreign trade. Although total exports and imports are below last year's all-time high, the Commerce Department reports that some of the industries heaviest hit by unemployment in recent months nevertheless have increased their exports; for example, electrical machinery exports rose 8 percent industrial machinery exports gained more than 11 percent; and transport equipment exports also showed a small gain.

Interestingly enough, in April 1958, as contrasted with April 1957, United States' exports fell only \$380 million—from \$1.78 billion to \$1.4 billion; but United States imports fell \$820 million—from \$1.92 billion to \$1.1 billion. It seems to me that these figures are very illuminating, because they demonstrate that a recession in this country, as applied to our foreign trade, hurts our friends abroad far more than it hurts us; and the figures also bear very importantly on the validity of the highly protectionist arguments about the disastrous effects of imports on our country, in view of the tremendous decrease in imports—more than twice the decrease in exports—which occurred in the period of an economic letdown.

However, I am convinced that it is the responsibility of those who most strongly support reciprocal trade legislation to recognize and deal with the predicament, to which I have referred, of the businesses or the employees adversely affected seriously by imports. But that does not mean we must go "protectionist," for that would result in serious damage to our own economic position and to our objectives for securing the community of economic interest of the free world as the surest road to peace. But it does mean that we should provide concrete assistance which will enable the businesses affected to make smooth transitions into other lines in which they can compete economically and successfully on the open domestic market.

Mr. President, I hope an amendment to this effect—and I am joining in the sponsorship of such an amendment—will be offered to the pending bill.

I am, therefore, a cosponsor of the Trade Adjustments Act of 1958 which provides adjustment assistance to enable businesses adversely affected by imports to convert to more profitable lines, to receive small business loans, technical help, rapid tax amortization on capital equipment, extended unemployment compensation, and additional training and industrial reeducation for workers during the transition period.

Mr. President, this entire problem brings us directly to the restrictive amendment added by the Senate Fi-

nance Committee majority to the escape-clause procedure already a part of our trade program. At the most, it is estimated that for every 10 United States workers engaged in business directly benefited by United States trade, one is working for a business adversely affected by foreign imports.

The amendment would make the Tariff Commission's recommendation automatically effective unless the President disapproves and is backed up by a majority vote of Congress. This amendment should be rejected, first, because it is an attempt to return tariff rate-making and trade-policy formulation to Congress, while taking from the President an essential tool needed to carry on the country's foreign policy; and, second, because, in essence, it does not offer the President any discretionary power at all, for certainly if the President can get a majority in Congress to vote to permit him to reverse the Trade Commission, he could also present all sorts of tariff and trade measures to Congress—including a proposal to abolish the Commission itself—and could be fairly sure of their passage. I think the escape-clause provision as modified in the House offers adequate protection, in view of the fact that out of 3,000 items on which concessions have been made, only 26 commodities have been referred to the President under this provision.

Since the escape-clause procedure was instituted, 87 cases have been filed with the Tariff Commission by businesses seeking relief through the imposition of higher tariffs on competitive imports. Fifty-four cases were dismissed at the applicant's request, were rejected by the Commission, or were terminated without finding. Three are still pending. Of the 30 remaining cases, involving 26 commodities, that went to the President for action, he accepted the Tariff Commission's recommendation in favor of escape-clause action in 10 cases, and rejected its advice in 17; and the 3 other cases are still pending.

It is therefore clear that, in the face of the fact that the President has rejected a majority of the Tariff Commission's recommendations, we would be going right back, all over again to congressional tariff-making, with all its invidious problems of logrolling which caused Congress to change from it.

In short, the Senate should reject the amendment which seeks to require a majority vote of both Houses of Congress to sustain the President when he takes action to reverse escape-clause action on the part of the Tariff Commission. Such amendment, if agreed to, would take us back to the conditions—happily passed—which resulted in so many injustices and inequities and which constituted such a drag on American foreign policy that a return to them simply cannot be considered in connection with the foreign problems we face today. Certainly what is happening in the Middle East should awaken us sharply to these realities.

The further limitation proposed to be imposed on the President's authority to reduce tariffs should also be rejected. The Trade Act, as it passed the House,

provides that the rates existing on July 1, 1958, may not be reduced more than 25 percent, in stages of not more than 10 percent in any 12-month period up to June 30, 1961. To cut those reduction levels even more sharply to a maximum of 15 percent, at no more than 5 percent, at any one time, would deprive the President of the flexibility which should be a principal strength of the reciprocal trade program, a key-stone of our entire foreign policy.

It would be equally detrimental to our trade program if still another amendment proposed by the Senate Finance Committee majority were accepted; I refer to the amendment which would broaden the national-security provision and, in effect, would make it an alternative to the means already afforded by the escape clause to industries which seek relief from the competition of foreign imports. At present, the Office of Defense Mobilization and the President can grant relief to industries, under the national-security provision, principally upon the making of a determination that such action is necessary to avoid a threat, through imports, to the national security. However, the amendment directs that henceforth, in addition to strategic considerations, equal emphasis shall be given an industry's weakened economic position directly resulting from foreign competition in United States markets, in recognition of the close relationship of economic welfare to our national security. In addition, this extended criterion would apply not only to the imports concerned, but also to their derivatives. I think this attempt to extend coverage under the national-security provision is unnecessary, so long as the escape-clause action is functioning fairly and equitably, as it apparently has to date.

This amendment and the amendment which would extend the program for 3 years, instead of the 5 years urgently requested by the President, can have the most serious repercussions on our future trade with Western Europe, which is busy organizing a brand new economic unit, the common market.

This is completely untenable in light of the escape clause, and should also be defeated.

My colleague from New Jersey has already discussed in great detail the impact of the 3-year, as against the 5-year, extension of the Trade Agreements Act on our negotiations with the nations in the common market in Western Europe. I think those observations are entirely valid.

I hope very much the Senate will not accept the 3-year proposal.

In 1957 we sold more than \$3 billion worth of American products to the 6 countries in this new union. The 6 nations which are joining together in order to form the common market are by now buying nearly 20 percent of our total exports. As their economies are joined into a well-integrated single economic system, rivaling our own in size in efficiency, this purchasing power will greatly increase.

The stake of our export industries in the common market creates one of the

major needs for a 5-year extension of the reciprocal trade program.

Why 5 years instead of 3? The reason is this: The formation of the common market involves a negotiating process among the member nations which may take from 12 to 17 years. These negotiations will involve, in addition to other things, the formation of a common tariff against imports. The resulting tariff will most likely be a compromise between the highest and lowest tariffs now applied by the individual countries. We must be able to enter this long-range process of negotiations in order to keep this compromise tariff as low or as fair as possible. The other body of Congress has already accepted the 5-year extension, and the President has recommended 5 years.

Only when armed with long-range powers can we fit ourselves into plans which must be closely coordinated over more than a decade. If we say that we can only go into the water up to our knees—if we say that we can only go along with the plan for 3 years—we may not be invited to join in the negotiations at all.

Other nations also will be more apt to grant us concessions if they can look forward to a program which is able to progress over a substantial number of years instead of one which runs the danger of being stopped dead in its tracks after a short term.

That the reciprocal trade program is in the best self-interest of the United States economy is, to my mind, patently clear if only facts are used to prove that contention. From 1934, when our exports barely climbed above the \$2 billion figure, they soared to nearly \$20 billion last year; and of our favorable balance of trade, which amounts to nearly \$6 billion, more than \$4.5 billion of that surplus is with the countries with which we have trade agreements. Traditionally, trade with the United States has meant the difference between prosperity or depression to many countries, but recently that picture has begun to change.

This is the final point I should like to make, but, in my opinion, the supremely important one, especially in view of current events. High tariff walls in the United States may not spell depression for trading nations, but instead a growing dependence on new markets in the Communist bloc nations and Russia, which is far more devastating to the objectives—indeed, to the very survival—of the United States than would be merely loss of business on both sides. The door to these markets has been swung open wide, and Premier Khrushchev himself sounded the worldwide word of warning last November when he said to us in the United States:

We declare war upon you in the peaceful field of trade. We declare a war we will win over the United States * * * and it will prove the superiority of our system.

These are very very bold words, which need to be engraved in the mind of every American as one of the major reasons why we are undertaking the dangers and the risks. Especially is

this true today in respect to the foreign policy of the United States.

Western Europe has been a prime target for the Communists. Since 1951 the volume of Soviet trade alone with that area has increased from \$400 million to more than \$800 million.

I ask unanimous consent to have printed in the RECORD as a part of my remarks a detailed, country-by-country survey by the New York Times, published on July 7, 1958, together with a news analysis, gaging the gain in economic influence for the Communists. The report shows that they have penetrated more than 50 countries, and though their effectiveness varies sharply from country to country, it represents a portentous threat in the competition with us both as to quality and quantity.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times of July 7, 1958]

SURVEY SHOWS COMMUNISTS GAIN IN ECONOMIC INFLUENCE

(By Harry Schwartz)

A survey by correspondents of the New York Times indicates that the Communist bloc's influence on the economy of the rest of the world rose during the first half of 1958 and promises to increase in the future.

Reports on Communist economic penetration in more than 50 countries were prepared by Times correspondents. The trend of these reports, based on official statistics and on interviews with businessmen and Government officials, is to confirm warnings by the Department of State, the Director of Central Intelligence Agency, Allen W. Dulles, and the Committee on Economic Development on the growing Communist challenge to the West.

At the same time, the reports make clear that the impact of Communist trade and aid varies sharply from country to country. In most countries, Communist economic influence is still minor. In some countries the Communist economic drive was even set back in the last half year.

Communist trade with the rest of the world is big business. Last year this trade exceeded \$6 billion and was more than twice the level of 1952, the last year of Stalin's regime.

But East-West trade is only about 3 percent of the total world. The political leverage this trade has given the Soviet bloc often depends more upon the nature and terms of this commerce than on the amount of good traded. This has been particularly true of Communist purchases of raw materials from producing countries having trouble in selling such products, for example, Uruguayan wool.

Communist aid, in the form of loans and a few small grants, to underdeveloped countries has totaled about \$2 billion in the last few years, but much of this has yet to be spent.

The Soviet bloc has undertaken about 140 industrial projects in underdeveloped countries since 1955. Of these about 30 percent have been completed and are operating, 40 percent are under construction, and the others are still in the survey stage or their status is unknown. The projects include the building of bridges, cement plants, sugar refineries, glass, textile and steel plants, and prospecting for petroleum.

Fears expressed recently that the Communist bloc may have started economic warfare against the West by dumping goods on world markets at low prices receive only limited support in the Times' correspondents reports.

These reports indicate that most East-West trade is being conducted at world prices. Some commodities, such as aluminum, oil and rails, have been sold or offered at below-market prices. But some countries, including France and Sweden, have found some Soviet prices to be higher than those quoted by non-Soviet sellers.

Some evidence indicates that Communist resources available for export are limited. Austria has been having trouble getting enough Soviet goods to balance the value of Austrian exports, the Times' correspondent in Vienna reports. Authoritative sources in Oslo report a decrease in Norway's trade with the Communist nations because the latter are either not willing or unable to provide the goods demanded by Norwegian consumers.

Other evidence is provided by a United States Government estimate that the Soviet Union last year had to sell \$263 million in gold to get foreign exchange. Earlier Soviet gold sales were estimated by the same source at \$150 million on 1956, \$70 million in 1955, \$93 million in 1954 and \$150 million in 1953.

FOOTHOLD IN 19 COUNTRIES

As of mid-1958, the Communist trade and aid drive, primarily by the Soviet Union, Communist China, Czechoslovakia, and East Germany, has won important economic footholds in at least 19 countries.

They are, in Europe, Iceland, Finland, Austria, Turkey, Britain, and Yugoslavia; in the Middle East, the United Arab Republic, Yemen, and Iran; in the rest of Asia, Burma, Cambodia, Indonesia, Afghanistan, Ceylon, Japan, India, and Nepal, and in Latin America, Uruguay and Argentina.

According to the State Department, Premier Nikita S. Khrushchev told a group of Congressmen in 1955, "We value trade least for economic reasons and most for political purposes."

Presumably the same consideration applies to Communist aid. But it is clear from the foregoing list that even a substantial Communist foothold in a country does not guarantee Soviet dominance. Iceland and Turkey are members of the North Atlantic Alliance, and Iran belongs to the Baghdad Pact, for example. Similarly, Yugoslavia is now engaged in a bitter quarrel with the Soviet bloc.

Communist political gains from trade or aid have apparently been greatest in the United Arab Republic, Yemen, and other Asian countries. Yet these gains did not prevent Prime Minister Jawaharlal Nehru, of India, recently from criticizing the execution of Hungarian rebel leaders, nor did these gains prevent President Gamal Abdel Nasser from visiting Yugoslavia.

REASON FOR POLITICAL GAIN

The reasons for Soviet political gains in Asian countries are indicated by the field reports. The report from New Delhi, for example, in discussing the Soviet-financed Bhilai steel mill and other projects, says:

"Soviet engineers have made a deep impression on local workers and local people. Russians live an unostentatious life in a hostel, go to work in buses or jeeps, and mingle freely with local people. It is reported the Russians have even discarded liquor because Bhilai comes within a prohibition area.

"Indians have a special sort of attachment to and admiration for Russians. This attitude stems from the belief that the Soviet Union within 40 years of its revolution has come up on a par with the United States and has even bettered it in scientific advancement."

In a similar vein, the Times' correspondent in Rangoon, Burma, reports:

"Increased Soviet aid during the past year or so is making a favorable impression on the Burmese. Special gift projects, as the

Russians call them, are drawing attention and overshadowing United States exhibits and International Cooperation Administration projects.

"Reasons: Soviet projects are almost all tangibles; Soviet engineers and technicians live on the people's level and were taught Burmese before they arrived here (American engineers and technicians live on a much higher scale than the masses and seldom speak the language); daily progress on projects clearly identified as 'Soviet gifts' has captured public attention."

REPORT FROM INDONESIA

From Jakarta, Indonesia, a Times correspondent reports:

"Recent completion of a multi-million-dollar East German sugarmill at Jogjakarta was accompanied by much favorable publicity and the fact that completion was 2 years behind schedule (delay was as much the Indonesians' fault as the Germans') was not mentioned in the press. Under present adverse economic conditions Indonesia welcomes credits from any source. Supplies of foreign exchange are so low foreign credits are essential, although there are misgivings among some government personnel about granting permission for a large number of Communist technicians to travel and live in Indonesia. Nevertheless, Communist influence is growing."

The popularity of Soviet credits in Asia arises from the low interest rates (usually 2 or 2½ percent), and easy payment terms. In addition, Soviet propaganda tries to give the impression that there are no political conditions to this aid.

The Times correspondent in New Delhi lists the following economic advantages Indians feel they have in trading with the Communist nations:

"Communists have just the type of machinery and equipment that India wants for her development projects. Communists are able to deliver them as fast as New Delhi wants. They are willing to accept payment in Indian rupees. They are willing constantly to explore possibilities of buying more varieties of Indian goods."

On the other hand, Thailand's Minister of Economic Affairs, Sukich Nimenheminda, told the Times correspondent in Bangkok: "The Russians only pretend to ask for trade with Thailand for the sake of advertising. I don't think they really want to trade with us. We have nothing they want." But supplies of low-cost newsprint have been sent from Communist countries to Thailand as a means of winning friends in that nation's press, the correspondent reports.

EVIDENCE OF GROWTH

The chief developments during the first half of this year indicating a stepped-up Communist economic offensive are the following:

Soviet sales of aluminum, tin, platinum, and zinc have exerted a downward pressure on depressed world markets. The case of aluminum offers a striking example of how Soviet sales below world price can demoralize a commodity market.

Soviet sales of aluminum in Britain at 2 cents a pound less than the market price led the Aluminum Company of Canada to ask the British Government to impose an anti-dumping duty on Soviet aluminum. Later the aluminum company met the Soviet price cut, thus forcing a world-wide price reduction.

Industry sources and a Times report from Western Europe indicate that since this price cut Soviet aluminum sellers have been offering the metal at 1 or 2 cents below the reduced world price. British officials, a Times correspondent in London reports, believe that this is a means of getting the Soviet Union established as an aluminum supplier rather than a deliberate act of economic warfare.

Significant economic penetration has been achieved by the Soviet Union in Uruguay,

and to a lesser extent in Argentina. Last March the Soviet Union became the largest purchaser of Uruguayan wool and Uruguay is now becoming dependent on Soviet oil shipments. In Argentina, the new regime of President Arturo Frondizi has arranged a deal involving the exchange of Soviet oil and Argentine wool, thus permitting Argentine sheep raisers to reduce their unsold wool backlog.

WEST GERMAN TIES

In West Germany, the Soviet Union last April signed a 3-year trade agreement providing for exchange of goods up to \$750 million. Early last month the director general of the Krupp company visited Moscow and concluded an agreement to supply the Soviet Union with \$12 million worth of machines for making synthetic fibers.

Japan's trade with the Soviet Union during the first 4 months of 1958 is sharply higher than trade during the corresponding 1957 period. An agreement signed last December provides for Japanese-Soviet trade this year to be 3 times the 1957 level.

The Soviet Union has sold 12 ships to Indonesia and has offered unlimited credit to private Indonesian concerns. Communist China helped ease a difficult Indonesian economic situation this year by providing an emergency supply of 25,000 tons of rice and 72 million yards of textiles on a 10-year credit at 2.5 percent interest.

Last May the Soviet Union offered Finland a loan of 400 to 500 million rubles (\$100 to \$125 million at the official exchange rate) for a steel plant to be built in northern Finland.

A Soviet-Moroccan trade agreement signed last April 19 provides for substantial expansion of trade this year.

RED SETBACKS NOTED

The major setbacks to the Communist economic offensive during the last 6 months are the following:

During the first 5 months of 1958, Egypt's purchases from the Soviet bloc are reported to have declined. A West German credit of 400,000,000 Deutsche marks (\$100,000,000) and the easing of payment terms by other Western European countries have brought this about. But early this year the Soviet Union granted Egypt credits equivalent to \$178,000,000 for long-term purchases of industrial equipment and financing of Egypt's 5-year industrialization plan.

Several Communist economic moves having apparent political motivation have aroused concern beyond the countries affected. The Soviet postponement of the \$285,000,000 credit promised Yugoslavia has indicated to many that political strings are attached to Soviet aid.

The decision of a Soviet court denying an Israeli application for damages resulting from Soviet cancellation of oil shipments after the 1956 Suez crisis has raised questions among other countries that have obligated themselves to accept Soviet court decisions on disputes arising in their trade with that country. Similar political motivation had been apparent in Communist China's cancellation of its 1958 trade agreement with Japanese concerns for the exchange of \$210,000,000 worth of goods.

Indignation in many countries over the execution of the Hungarian rebel leaders may have a negative effect on Communist economic efforts. As a result of coolness between West Germany and the Soviet Union following a demonstration at the West German Embassy in Moscow, West German businessmen cut short their recent visit to the Soviet Union.

The Soviet oil market in Western Europe has been reduced in some countries, for example in Italy, by the reopening of the Suez Canal and the resumption of normal oil shipments from the Middle East.

With regard to the quality of Communist products and the availability of service and

spare parts. The Times correspondent indicated that the situation varied from country to country. The quality of Czechoslovak products drew virtually unanimous praise. Soviet raw materials were considered satisfactory, but in some countries the quality of Soviet machinery and automobiles was regarded as inferior to Western products. In Greece, for example, Soviet automobiles have been catching fire because of defective electrical wiring.

Complaints on quality, availability of spare parts or service for Communist machinery were noted in reports from Brazil, Israel, Finland, Iceland, Burma, Great Britain, France, and Mexico. Some of these reports stated that deficiencies in quality were compensated by low cost.

The State Department puts the number of Communist technicians in underdeveloped countries at 1,600, about half of them from the Soviet Union. The largest single number, 470, are in the United Arab Republic, and there are about 455 in Afghanistan, 280 in India, 105 in Indonesia, and 60 in Burma.

[From the New York Times of July 7, 1958]
UNITED STATES-SOVIET TRADE UNCHANGED—
RELATIONS WITH POLAND ALTERED—
COMMERCE WITH MOSCOW INFINITESIMAL—
\$11 MILLION RUSSIAN ORDER FOR STEEL IS
REJECTED BY WASHINGTON

(By Edwin L. Dale, Jr.)

WASHINGTON, July 6.—There has been no change in economic relations between the United States and the Soviet Union in the last 3 years.

Trade remains infinitesimal, though there is some prospect of an increase, depending largely on Soviet rather than United States decisions.

Economic relations with the European Communist bloc have also shown no change, with one exception—the United States aid program for Poland.

In the first quarter of this year only \$471,229 worth of United States goods was licensed for export to the Soviet Union, plus \$1,200,000 worth of sugar of foreign origin licensed for transshipment. For the Eastern European countries as a whole, including the Soviet Union, licenses totaled only \$5,153,000, the lowest quarterly total since the second quarter of 1956.

STEEL ORDER REJECTED

In the same first quarter, licenses for goods worth \$13,935,000 were rejected, most of which was accounted for by an \$11 million order from the Soviet Union for cold-rolled steel sheet and welded pipe.

For all of last year total United States exports to the European Communist countries, including the Soviet Union, were only \$86,300,000, or less than half of 1 percent of the total exports. And \$73,200,000 of this was to Poland.

Total United States imports from the bloc were \$65,600,000, of which half were from Poland. The total was only ½ of 1 percent of overall United States imports.

A letter earlier this year from Premier Nikita S. Khrushchev to President Eisenhower proposed a large increase in United States-Soviet trade. Mr. Khrushchev even suggested that the Soviet Union would be interested in goods worth several billion dollars a year, provided the United States would grant deferred-payment terms, that is, credit.

CREDIT PLAN UNWELCOME

State Department officials said today that the reply to this letter had still not been completed. They made these points:

1. The initial reaction here to the credit proposal has not been favorable. Secretary of State Dulles threw cold water on it at a recent press conference. This seems likely to be rejected, although presumably there

will be no objection to private firms granting credit terms if they want to.

2. The Soviet Union could greatly step up imports from the United States right now if it wanted to, simply by placing orders for goods that are not banned under United States export control regulations. Many of the items on Mr. Khrushchev's list would be licensed under present regulations, if valid orders were placed and the American exporter filed the proper application.

It is possible the United States list will be liberalized somewhat as a result of current deliberations in Paris of the allied group that keeps watch on East-West trade in strategic items. The group is in process of reducing the embargoed list substantially, and the United States may well go along with the less severe controls.

[From The New York Times of July 7, 1958]

A COUNTRY-BY-COUNTRY SURVEY OF FREE WORLD-COMMUNIST BLOC TRADING—STATISTICS SHOW CURRENT CONTACT—STATUS OF THE FREE WORLD'S ECONOMIC RELATIONS WITH IRON-CURTAIN LANDS

(Following is a summary of the New York Times correspondents' reports on the current status of the Communist bloc's economic relations with the countries of the free world. In some cases these reports have been supplemented by information from governmental and United Nations sources. Within each major area of the world, countries are listed alphabetically.)

NORTH AMERICA

Canada: The Communist bloc bought more than \$6 million worth of goods from Canada during the first 4 months of 1958, 15 times the purchases during the like period in 1957. Canadian sales of wheat to the Soviet Union and Communist China are most important in this trade; wheat sales to Communist China this year will have a value of \$5 million.

Costa Rica: There is negligible trade with the Communist bloc.

Cuba: The Soviet Union has continued large-scale purchases of Cuban sugar this year, buying 100,000 tons up to the end of May. Czechoslovakia is the chief Communist trading partner of Cuba, supplying significant quantities of textiles, glassware and china.

Haiti: Poland is becoming Haiti's chief supplier of cotton goods. Czechoslovakia tried but failed to sell structural steel here.

Mexico: Mexico does very little trade with the Communists, but Soviet Deputy Foreign Minister V. V. Kuznetsov visited Mexico in May, trying to arouse interest in Soviet machinery for construction, road building and the petroleum industry. There are some signs that Russia and Czechoslovakia are trying on a small scale to undersell the West in machinery.

CENTRAL AMERICA

Guatemala: All trade with Communist countries is forbidden and the ban is strictly enforced.

Honduras: Communist trade is small, consisting mainly of the import of Czechoslovak textiles, blankets, towels, etc.

Nicaragua: Trade is small, consisting primarily of the import of Czechoslovak newsprint and printing machinery.

El Salvador: No direct Communist trade, but there have been hints of interest in selling coffee to Communist lands through an intermediary nation.

SOUTH AMERICA

Argentina: The Soviet Union has sold 1 million tons of crude oil as well as a sizable quantity of rails this year at prices below United States rates. Most of the oil will be paid for by wool shipments. An Argentine purchasing mission visited Communist-bloc countries in January and purchased \$27 mil-

lion worth of goods, mostly machinery and steel. Czechoslovakia has sold Argentina a coal-washing plant for Rio Turbio deposits. A Soviet-Argentine Chamber of Commerce was formed last month and a recent big Soviet exhibit at an Argentine oil industry fair was impressive.

Bolivia: Bolivia has been hurt by Soviet competitive tin exports. A Soviet offer through a Bolivian Communist leader to build a tin smelter in the country and staff it with Soviet technicians was declined.

Brazil: The Soviet Union has aroused interest with an offer to exchange 200,000 tons of crude oil for cocoa, cotton, and other goods. Poland and Czechoslovakia have undersold the West to get contracts to build ships and sell rails, and they are accepting Brazilian commodities in payment. A Rumanian mission is negotiating a trade agreement and offering oil byproducts and oil-production equipment. The Communist press has hinted that Moscow wants to buy much coffee and cocoa. The Russians have expressed interest in buying Brazilian manganese and Communist China sharply increased sugar imports from Brazil early this year.

Chile's situation

Chile: The drop in copper prices has stimulated Chile's interest in selling metal to Communist countries and last March Chile sold 15,000 tons of copper wire of under 6 millimeter diameter to the Soviet Union. Communist China has expressed interest in buying over the next 5 years 500,000 tons of low-grade nitrate fertilizer, but the form of payment is an obstacle.

Colombia: Trade with the Communist bloc is very small, but Colombia recently bought \$1 million worth of Syrian wheat from the Soviet Union.

Ecuador: President Camilo Ponce Enriquez said in May that Ecuador was besieged with Communist proposals for increasing trade and establishing industries for example, a match factory. He said Ecuador might have to consider these offers unless she got more United States aid.

Paraguay: No known trade with the Communist bloc.

Peru: Very little trade with the Communists, but leftwing elements have suggested that Peru try to sell lead, zinc and other products to the Iron Curtain lands.

Uruguay: Uruguay has become the South American country most dependent economically on the Soviet Union as a result of the appearance of Moscow since last October as the major buyer of Uruguayan wool and a contract reached early this year for the Soviet supply of 1,250,000 barrels of oil. A very active Soviet trade bureau and a large Soviet Legation in Montevideo make Uruguay the South American headquarters for Soviet penetration efforts.

Venezuela: Very little trade with the Communist bloc.

EUROPE

Austria: The Communist bloc accounted for about 10 percent of Austrian foreign trade during the first quarter of 1958. Austria is still delivering goods to Russia toward the \$150 million worth of products and 10 million tons of oil required of Austria under the 1955 State Treaty. Chancellor Julius Raab has shown irritation over the fact that the United States' Battle Act restrictions prevented Austria from building a steel mill for Czechoslovakia, and there are reports that he may discuss a Soviet loan on a forthcoming visit to Moscow. The Austrians have been having difficulty getting Soviet imports to balance their shipments. Reports indicate that an East Trade Bank has been set up in Vienna to promote East-West trade.

Belgium-Luxembourg: Imports from and exports to Russia and Eastern Europe dropped during the first quarter 1958 as against 1957. The Russians tried unsuccessful-

fully to sell crude and refined oil below world market, but did sell small quantities of diesel oil below world price. The Russians are offering aluminum at 1 cent below the new world price.

Britain: Significant British trade with the Communist bloc showed relatively little change during the first 5 months of 1958 as against the same period in 1957. Soviet sales of aluminum, tin, platinum, and ferro-alloys are depressing markets, while sales of zinc and manganese are increasing. The Soviet Union has been offering oil at favorable prices but has sold little because oil companies, having their own supply sources, are not interested. The Russians and Communist Chinese paint glowing pictures of a greatly expanded trade if the West's strategic embargo is ended. Moscow has been expressing interest in buying equipment for chemical and synthetic fiber industries. The British are selling a wide range of machinery, ships, and other transport equipment, chemicals, self-manufactured metals, textiles, and copper wire.

Denmark: Danish trade with the Communist bloc increased somewhat during the first 4 months of 1958 as against 1957, but this trade is relatively small, in part because the Communists are unable to meet free world price competition. The Soviet Union bought 7,000 tons of Danish butter in May for almost \$4 million. Czechoslovakia is trying to sell Skoda cars, but it is hindered by the fact that most Danes able to afford cars are anti-Communist.

Finland: Finnish trade with the bloc, particularly the Soviet Union, was down substantially during the first quarter of 1958 as against the 1957 period, but still accounted for about one-quarter of Finland's foreign trade. Finland has recently made a barter agreement under which 12,000 tons of Finnish butter will be exchanged for Soviet wheat during the next 12 months. Last May the Soviet Union offered Finland a loan of 450 million to 500 million rubles (about \$100 million to \$125 million) to buy goods and machinery, particularly for a planned new Otanmaski steel plant. The bulk of Finnish petroleum and a substantial part of Finnish metal needs are met by Soviet imports.

France: Imports from the Communist bloc this year are expected to aggregate \$166,600,000, almost 5 percent of French imports. This will be substantially above the value of 1957 imports. Under a 3-year (1957-59) trade pact, the Russians are buying primarily machinery and supplying mainly oil, manganese, chrome, coal, asbestos, wood, wood pulp, and cellulose. The Russians were cooperative and eased terms when the French had an unfavorable trade balance late last year. The Russians generally quote prices above the world level and the French have had difficulty bringing Russian prices into line with competitive quotations.

Ratio of Bonn's trade

Germany: A recent West German-Soviet 3-year trade agreement provided for substantial increase in trade if the Russians can make adequate private deals with German firms. But even if the agreement is fully implemented this will make Soviet trade only 3 percent West Germany's trade. The Russians are offering oil products, ferrous and nonferrous metals, timber, grain, tobacco, wool, cotton, and other raw materials within the framework of the treaty, which provides a total of \$750 million trade. West Germany is offering the Soviet Union synthetic fibers, rubber, chemicals, precision instruments, farm machinery, and consumer goods. The recent attack by a Moscow crowd on the West German embassy there worsened the atmosphere for trade relations.

Greece: Greek trade with the Communists increased during the first 4 months of this

year. The Russians offer Moskvich automobiles substantially cheaper than German and British makes, but there have been many complaints about the quality of Soviet cars and farm machinery. The Russians have been insisting on barter agreements and have recently forced a group of Greek tobacco exporters to enter the retail automobile business to dispose of Soviet cars received in payment for tobacco. Soviet willingness to buy low-grade tobacco has won friends.

Iceland: Iceland is heavily dependent on Communist trade, which accounted for one-third of her foreign trade during the first quarter of 1958. Iceland's fish industry would suffer if Communist purchases were to end suddenly. The country depends on the Soviet bloc for all oil products except aviation fuel. Pro-Soviet politicians hint that long-term credits and easy rates can be had from Communist countries, but the only loan so far is a short-term East German credit for fishing vessels.

Italy: Soviet-Italian trade dropped sharply in the first quarter of 1958 as a result of the return to normal in the availability of Middle Eastern oil. The Suez crisis of 1956 had forced a greatly increased Italian dependence on Soviet oil.

Norway: Trade with the Communist bloc is only 2 to 3 percent of all Norwegian trade. Some tendency toward a contraction is reported because the Communist nations are unable or unwilling to supply goods Norwegian consumers want. The Norwegian textile industry is complaining of the dumping of eastern European textiles.

Spain: Currency agreements designed to facilitate trade have been signed with Poland, Hungary, Czechoslovakia, and Rumania in the last year, but actual trade is small. Spanish ports are closed to Soviet ships, but the Russians are selling some fertilizer and woodpulp.

Sweden: Communist-bloc trade is only 3 to 5 percent of Swedish trade and the trend is downward. The Soviet Union is having trouble selling oil because the price is above world prices. The Swedes are irritated by the red-tape involved in Soviet trade.

Switzerland: Trade with the Communist bloc declined during the first 4 months of 1958 compared with the 1957 period. Most Soviet prices are higher than competitive western prices. The Swiss are concerned about the growth of Soviet watch manufacturing. They view Communist China as a possible important future market.

Turkey: Trade with the Communist bloc increased during the first quarter of 1958, making up about 30 percent of Turkey's trade. An agreement for the Soviet Union to build a glass factory has been signed, but still needs final approval of the Turkish authorities. Russia is showing some interest in helping Turkey to build several textile plants.

Yugoslavia: The entire course of hitherto reviving Yugoslav economic relations with the Soviet bloc appears threatened by the worsening of Belgrade-Moscow political relations and the unilateral Soviet postponement of promised credit. A new Yugoslav-East German trade agreement was signed several days ago.

MIDDLE EAST

Israel: Trade with Rumania, Hungary, and Poland increased sharply during the first 4 months of 1958. There is no trade with the Soviet Union or Czechoslovakia, and relations with the former have been strained even more recently by a Soviet arbitration tribunal's dismissal of an Israeli suit for damages arising from the unilateral Soviet disruption of the oil-for-oranges trade in late 1956 as sanction for Israel's offensive against Egypt.

Iran: Economic relations with the Communist bloc, particularly the Soviet Union, have been increasing during the last 2 years. A 3-year Soviet-Iranian trade agreement con-

cluded in April 1957 provides for increased trade annually through 1959-60.

Lebanon: The Communist bloc takes 10 percent of Lebanese exports and supplies about 4 percent of imports. The Soviet Union buys about one-third of the citrus crop and gets a good deal of propaganda value from its trade.

United Arab Republic: Well-informed sources report Egypt's commodity purchases from the Communist bloc declined sharply during the first 5 months of 1958. During the first 3 months of 1958, the Communist bloc accounted for one-third of Egypt's foreign trade, as against more than 40 percent in the same period of 1957. Since late 1957, Egypt has contracted for \$57 million in Czechoslovak and \$178 million in Soviet credits for industrialization; but less than 5 percent of the Soviet credit plan projects have been contracted for and no deliveries have begun. Hungarians have built a new bridge across the Nile above Cairo and Czechoslovakia has provided a ceramics factory. Egypt is reported eager to avoid total economic entanglement with the Communists. Syria agreed last October to Soviet credits that may total \$168 million if fully implemented. Syrian trade with the Communist bloc increased sharply in 1957.

Yemen: Last January, Communist China reportedly gave Yemen an interest-free \$16 million credit for road building and developing light industry, with the Communist Chinese promising also to send technicians and to train Yemeni technicians. Evidence points to increasing trade with the Communist bloc and the presence of many non-Chinese Communist technicians in the country.

AFRICA

Algeria: Trade in the first quarter of 1958 was small, at about the same level as in 1957.

Ghana: A trade mission will probably visit Communist countries later this year. The Soviet Union sharply increased cocoa purchases last year, but sold almost nothing.

Morocco: A Soviet-Moroccan trade agreement signed last April provides for the exchange of Soviet oil, machinery, textiles, chemicals and lumber for Moroccan cork, sardines, citrus fruit, wool, and miscellaneous products. Morocco imports large quantities of green tea from China and the imports rose heavily during the first quarter of 1958.

Nigeria: Trade with East Germany and Czechoslovakia is likely to amount to several million dollars this year. An offer of Soviet economic assistance is expected after independence is achieved.

South Africa: Trade with the Communist bloc is small, with Czechoslovakia the most important. South Africans hope to repeat this year the unusual 1957 sales of wool and citrus fruit to the Soviet Union.

ASIA

Afghanistan: About 40 percent of Afghanistan's foreign trade is estimated to be with the Communist bloc, and the country has also received Communist aid, primarily from the Soviet Union and Czechoslovakia, for various domestic development projects. Last January, Afghanistan agreed to accept Soviet help in exploring for oil.

Burma: Burma has Soviet credit but has been unable to get satisfactory Soviet goods and has tried in vain to have the credits transferred to other Communist countries. The Burmese are reported favorably impressed by Soviet "gift" projects including a technical institute, a hospital, hotel, exhibition hall and stadium, though the Burmese were forced to agree to a reciprocal gift of 20-year shipments of rice and other goods.

Cambodia: Communist China has promised aid, in the form of goods and foreign exchange, equivalent to \$22,400,000. By the end of 1957, more than \$5 million of aid goods had arrived but the construction of various plants promised is apparently still

distant. Czechoslovakia, Poland, the Soviet Union and North Vietnam have been seeking Cambodian trade.

Ceylon: Trade with Communist China this year is likely to be the same as or less than last year, when the Chinese took 11 percent of Ceylon's exports (mostly rubber) and sent 5 percent of imports (mainly rice). Peiping is providing \$3,250,000 worth of goods in aid this year instead of paying a premium rubber price as before. A Soviet aid pact was concluded early this year, with the Russians offering a loan of \$28½ million for 5 years at 2.5 percent. A Soviet team is in Colombo discussing projects including a tire factory, steel rolling mill, two river valley irrigation projects and help in exploiting Ceylon's vast peat deposits. Chinese rubber purchases have permitted Ceylon's Government to subsidize such replacement of worn-out rubber trees by high-yielding ones.

India: Communist bloc trade this year is likely to be about the same as or slightly more than last year's \$128 million, or 4.6 percent of India's foreign trade. India is favorably impressed by the quality of Communist goods and the level of prices. Work is continuing on the Soviet-financed Bhilai steel mill, while Moscow has given an additional \$126 million credit for building a machinery plant, a coal-mining equipment plant, optical glass factory and a 250,000-kilowatt thermal power station, but no work has begun on these yet. The Russians have gathered more publicity and praise than has the United States for aid, although Soviet credits are only one-sixth of American grants and loans. The Soviet Union is helping India prospect for oil.

Activity in Indonesia

Indonesia: The volume of trade with the Communist bloc and of technical and cultural exchanges shows an appreciable increase this year over 1957. Trade with the Soviet Union is increasing because of a \$100 million Soviet credit under which Indonesia is considering obtaining equipment for an electrification program and for highways. Communist China made an emergency delivery this year of 25,000 tons of rice and 72 million yards of textiles on a 10-year credit at 2.5 percent. Peiping has offered textile plant on easy credit terms. The Soviet Union has offered unlimited credit to private industry, but no definite deals are known to have been concluded. Communist China and Russia have stepped up rubber purchases.

Japan: Communist China canceled a \$210 million trade agreement with private firms earlier this year in a pique over Japanese Government policy. A Japanese-Soviet trade agreement authorizes \$60 million in trade this year, triple last year's. There is a similar \$6 million trade pact with Poland. The pre-war sea routes between Japan and the Soviet Union were recently restored.

Malaya: There has been a sharp decline in Soviet-Malayan trade this year. Coconut oil has supplanted rubber as the chief Russian commodity purchase. China is the principal Communist trader with Malaya. Moscow offered recently to provide technical assistance, but the Malayan Government has not responded.

Nepal: Communist China has promised to give Nepal \$12,600,000, of which about \$4 million has been received. About 10 percent of Nepal's trade is with Tibet.

Philippines: There is very little trade with the Communist bloc. Two Philippine businessmen were reported recently to have visited Moscow seeking loans to promote business enterprises.

Thailand: Very little Communist bloc trade. An effort to conclude a Soviet-Thai trade agreement failed recently when Bangkok declined concessions. Soviet offers for Thai rubber are at prices below those of other buyers.

AUSTRALIA AND NEW ZEALAND

Australia: Communist bloc countries, notably Poland, Czechoslovakia, and Hungary, have increased their wool purchases nearly 20 percent in recent months, compared with last year. Exports to Communist China reached \$5,200,000 in the first quarter of 1958, more than double the volume for the same period last year.

New Zealand: Late last month the commercial counselor of the Soviet legation made a public speech complaining that while his country buys more than \$8 million worth of goods annually, chiefly wool, New Zealand buys practically nothing from Russia in exchange. Some expansion of the limited trade with Communist China has occurred recently and a delegation from Peiping is to arrive in New Zealand soon to seek greater trade.

Mr. JAVITS. Mr. President, it is one thing to proceed with amendments and other proposals which we think will suit us and our policies in a world in which we do not have competition; but it is a very different thing to proceed the same way in a world in which the competition is not only severe, but in which the competitor has declared war on us in the peaceful field of trade, a world in which the Communists have made such tremendous gains, a world in which we have today to dispatch troops to the eastern shore of the Mediterranean because the Communists have scored such resounding success as to threaten, by indirect aggression, our Nation's friends in that area of the world.

Last year, Communist trade exceeded \$6 billion, twice the 1952 level, and by mid-1958, their trade and aid drive was carried on primarily by Russia, Red China, Czechoslovakia, and East Germany, who, the Times said, have won important economic footholds in at least 19 countries. They are in Europe, Iceland, Finland, Austria, Turkey, Britain, and Yugoslavia; in the Middle East, the United Arab Republic, Yemen, and Iran; in the rest of Asia, Burma, Cambodia, Indonesia, Afghanistan, Ceylon, Japan, India, and Nepal; and in Latin America, Uruguay, and Argentina.

The Soviet Union has in the past 3 years put out \$2 billion in aid, or has contracted to contribute it. That is a tremendous increase in its trade efforts, and should give us adequate notice that at this time we should not deprive the President of the United States of one of the most critically important foreign policy tools he has—the massive multi-billion dollar trade of the United States, and the flexibility in the use of that tool which is contained in the Reciprocal Trade Agreements Act as passed by the other body of Congress.

Dictators have a way of telling us what they mean. Hitler did it. Mussolini did it. Stalin did it. Nasser is doing it now. They tell us, if we will only listen. If we do not listen, it is not only our own hard luck, but it may very well mean our own necks. So we had better listen, because they generally mean what they say, or try to carry it out.

This is what Mr. Khrushchev said to a group of members of the American Congress in 1955:

We value trade least for economic reasons and most for political purposes.

Let me repeat:

We value trade least for economic reasons and most for political reasons.

Mr. President, this is the measure of the competition which the United States has to meet. I do not believe Members of the United States Senate want at this time, in the present state of world affairs, with our troops on foreign shores to protect the security of the free world and of ourselves, to tie at least one hand of the President behind his back, by passing a bill the whole world will consider to be a protectionist and restrictive reciprocal trade bill.

The Communists, according to our own State Department, have concluded to date 252 trade agreements with free world countries—not with Communist bloc countries, Mr. President, but with free world countries. This should certainly serve notice on us that the Communists are adopting trade and aid as major efforts in their drive to subvert the free world. At this very moment we should be seeking to equip our foreign-policy makers with dependability and flexibility in trade policy, rather than seeking to tie them up in knots with a short term, crippled reciprocal trade-agreements program.

Mr. President, many Members are fond of standing on the floor to tell us how the Communists are getting an advantage over us and how the Communists are winning victories over the free world. Certainly the least we ought to do is see that the weapons we have which have proved to be effective are kept effective. The idea should be not to change the reciprocal trade-agreements program now, but at the very least to continue it as it is for a reasonable period of time, which is exactly what the bill passed by the House of Representatives seeks to do.

Mr. President, let us remember that the United States invented the idea of reciprocal trade and foreign aid, and that the United States is the greatest trading nation on earth.

The Russians, who denounced the trade and aid idea and said it was dollar imperialism for all the years following World War II, have apparently now decided it is a very good idea and have adopted it. The Russians are going into the same line of business.

Mr. President, as people in public life we all know that the greatest way to succeed is to ride strength. Hence, the United States in respect to the reciprocal trade agreements program should now ride strength; in short, we should renew a strong program rather than emasculate and cripple the program as will be done if the amendments proposed by the majority of the Committee on Finance are adopted.

Mr. President, I hope all those amendments will be rejected and that the bill as sent to the Senate by the House of Representatives will be passed as it was sent to us.

Mr. President, I yield the floor.

BOARD OF APPEALS OF THE PATENT OFFICE AND CERTAIN SALARIES

The PRESIDING OFFICER (Mr. JORDAN in the chair). If there is no further

morning business, morning business is concluded.

The Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. A bill (S. 1864) to authorize an increase in the membership of the Board of Appeals of the Patent Office; to provide increased salaries for certain officers and employees of the Patent Office; and for other purposes.

EXTENSION OF TRADE AGREEMENTS ACT

The PRESIDING OFFICER. Without objection, the unfinished business will be temporarily laid aside, and the Senate will resume the consideration of House bill 12591, to extend the Reciprocal Trade Agreements Act.

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

THE LAG IN OUR NATIONAL DEFENSE POLICIES AND PROGRAMS

Mr. SYMINGTON. Mr. President, 7 weeks ago, May 20, I made to the Senate a statement showing the lag in our national defense policies and programs. At that time I said in part:

At the time of the launching of the first sputnik, nearly 8 months ago, our defense strength was greater vis-a-vis the Communists than it is today.

The new Russian sputnik was launched May 15, another grim warning for all but the blind to see—a ton and a half of Soviet technology circling our country at will.

Nevertheless, our Government continues to place soft living and budgetary considerations ahead of national security.

If the rapid advance of communism during recent years has taught us anything, it is that successful negotiations with these people are only possible if conducted from a position of relative strength.

Therefore, there can be no justification whatever for our present policies.

Having permitted the United States to lose its relative defense strength, we are now adding new names to the old trouble spots.

To Korea and Formosa and Indochina and Egypt, we now add Syria and Yemen and Indonesia and Lebanon and Algiers.

As things are now going, more names will appear shortly, to be added to the long list of recent free world failures.

Mr. President, those remarks were made 7 weeks ago. New names now have appeared—Iraq and Jordan.

British and American troops have now been landed in numbers in the Middle East.

An interesting gauge of the situation can be summarized by some testimony given last week before the Senate Armed Services Committee by Adm. Arthur Radford, recently retired Chairman of the Joint Chiefs of Staff. Admiral Radford's testimony included the following statements:

Admiral RADFORD. In the contest in which we find ourselves, there is no second prize. I, therefore, strongly urge your approval of H. R. 12541 with the amendments rec-

commended by the President and the Secretary of Defense.

Senator SYMINGTON. What you are saying is that hostilities are imminent.

Admiral RADFORD. They are here.

Senator SYMINGTON. They are here now.

Admiral RADFORD. They are in a different form, but I would say this Nation is really in more danger today than it ever has been in in its history.

Admiral RADFORD. We are in a deadly conflict, overall conflict, between communism and our form of free democracy.

Later in my remarks on May 29 I went over, point by point, the 17 recommendations made to the administration last January by the Senate Preparedness Subcommittee of the Armed Services Committee, presided over by the majority leader of the Senate. It was obvious very little had been done to implement these recommendations. In fact, defense expenditures had actually been decreased.

On June 6, 8 days after my statement on the floor, before the Senate Subcommittee on Military Appropriations I again brought these 17 recommendations to the attention of the Secretary of Defense, and asked him to furnish details of just what had been done.

The Secretary said he would furnish information on the subject.

I have repeated my request today, and am told the information will be available promptly.

Mr. President, this long delay hardly surprises me, because it would be difficult for anyone to show that any significant progress had been accomplished.

What has worried many of us for a long time is the lack of attention given to our capacity to wage limited war, especially in view of our commitments all over the world.

It is a fact, and the American people should know it, that despite all the protestations of planned effort, the total increase in the money requested for our military services since the launching of Sputnik I last October 4 is only about 1 percent of the gross national product of the United States last year.

This is substantially less than the decrease in the value of the dollar. In other words, our effective effort has actually decreased.

Today hundreds of thousands of American troops are stationed throughout the world, in such places as Korea, Japan, Hawaii, Panama, Germany, Italy, Turkey—and now Lebanon and Jordan.

Mr. President, I have said before, and I repeat, that when this Government has the right to draft our youths from the farms and from the cities to protect their country, it also has the duty to give them the best equipment, the best maintenance of the equipment, and the best training possible, in order to afford them the best chance to return home.

The recent hearings before the Committee on Appropriations prove conclusively that this has not been done. This unfortunate situation is one about which the American people should have full knowledge.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SYMINGTON. I am glad to yield to my able colleague from Pennsylvania.

Mr. CLARK. As my friend from Missouri knows, I have also been concerned about the ability of the United States to meet the threat of brush warfare. Such potential threats have now become a reality in both Lebanon and Iraq, and possibly in Jordan.

Am I correct in my assumption that the Marine Corps is not basically trained to engage in air-borne operations?

Mr. SYMINGTON. That is correct. The Marine Corps, except for helicopters, has no lift whatever, except a very few obsolete C-54 airplanes.

Mr. CLARK. So, as a practical matter, in order to get the Marines to a danger point, we must transport them there by means of the Navy. Is that correct?

Mr. SYMINGTON. By the Navy or by the Air Force. The latter is assignable, of course, by the Secretary of Defense, to either the Army or the Marine Corps.

We have had sworn testimony from witnesses this year that there was not enough air lift to lift and properly support a single Army division overseas. If that be true of the Army it is even more true of the Marine Corps; and to be modern our troops must be mobile.

Mr. CLARK. As I understand from the newspapers this morning, the Army and the Air Force are cooperating in lifting approximately 11,000 troops from Europe—England, France, Germany, and other places—to Turkey, so that they may be available for a quick march or lift into the Middle East. Did the Senator see those newspaper stories?

Mr. SYMINGTON. I will say to my friend from Pennsylvania that I am not fully informed as to what is being done at this time. Once we get into the European theater, in connection with movement to the Middle East, we become involved in tactical lift. I do not know the full details.

Mr. CLARK. The purpose of my commenting on the newspaper stories was to inquire from my friend from Missouri whether, if it be true that 11,000 troops are about to be air lifted from places in Europe into the Middle East, we are coming at least within sight of exhausting our air lift potential, or if three will be immediately available an additional air lift in the event a division, or parts of a division, or another combat team, need to be air lifted elsewhere in the Middle East.

Mr. SYMINGTON. Let me say to my distinguished colleague that the average size of an Army division is 13,500 men. The average size of a Marine Corps division is 18,910 men. If it be true that we cannot lift and properly support overseas a single Army division, it is obvious we would have difficulty in lifting and properly supporting a Marine Corps division, which is considerably larger in size, especially in that the Marines have practically no lift whatever.

I do not know what the situation is from the standpoint of mileage in relation to troop location, but I am in agreement with my able friend from Pennsylvania. If conditions develop in the future the way they have been develop-

ing in recent days, our airlift will be found inadequate.

Mr. CLARK. I thank my friend.

ORGANIZED BASEBALL—A SPORT OR A BUSINESS?

Mr. MUNDT. Mr. President, on July 7, at the time Washington was shocked by the sudden announcement that the Washington—the Senator's—Baseball Club was to be put on the auction block, I expressed my concern over that development and indicated that at a later time I might discuss the subject from the standpoint of a legislative remedy. I now have an amendment prepared, which I am submitting today, and which I intend to offer to House bill 10378 or any Senate legislation on the same subject. I believe this is an appropriate method by which to meet this situation which confronts the national capital and confronts baseball fans throughout America.

Subsequent developments following July 7 appear to have done more to confuse than to clarify the situation insofar as it involves the future of baseball in our National Capital. After the Baltimore meeting of the American League officials and owners we read that the owners of the Senators had been dissuaded from moving the team out of Washington at this time.

Next we heard that the Kefauver subcommittee had begun hearings. Many of us attended the early hearings, which were held in the caucus room of the Senate Office Building. The hearings were on proposed legislation designed to give preferential treatment to baseball and certain other sports. I am happy to be listed as a cosponsor and coauthor of that proposed legislation.

The next step was by Mr. Calvin Griffith, who in his appearance as a witness before the Kefauver subcommittee strongly implied that while he personally wanted the "Senators" to remain in Washington, where his distinguished father brought fame to the name of Griffith and maintained big league baseball in our national capital for many years, he has some doubt about some of his directors. He held out the implication in his testimony that some of the directors might still be desirous of selling the Washington franchise to some affluent and ambitious buyer who would submit the highest bid.

I congratulate Calvin Griffith on the public spirit he demonstrated in his testimony but I deplore the selfish attitude reflected in the attitudes of the unnamed directors to whom he referred.

Thus confusion is confounded. At the time Congress is being asked to define baseball as a national sport, and to provide it, as such, with the protective mantle of legislation exempting it from antitrust and monopoly laws, we are also confronted with such a situation that baseball may disappear entirely from the National Capital.

Thus we are given a demonstration, in the laboratory of life, that some of those who, as owners, profit from baseball are much more interested in profits than

they are in providing public entertainment, or in the overall aspects of baseball as a sport. That is the concern which brings this proposed legislation before the Senate.

On July 7 I stated that, as one of the sponsors of the proposed legislation, I felt that the Senate might well wish to take another look at the picture in view of the reported plans to move big league out of the National Capital. I think the Senate should make it clear that the baseball magnates of America cannot have it both ways. Either baseball is a sport, and entitled to preferential treatment, which I believe it should have as such, or it is an enviable economic monopoly which can be selfishly perpetuated so as to enable its privileged tycoons to sell their monopolistic franchises from place to place as often as they desire, in order to expand their personal fortunes, with complete disdain and disrespect for the public interest and the national policy. I hope baseball may continue to thrive with emphasis on it as a sport and not become a thinly disguised front operating primarily for private profit.

If the Senate permits or promotes such a state of affairs, we may very well be creating a Frankenstein monster which we can neither control nor circumvent.

Mr. President, baseball is our national sport, and, as such, I wish it to have special legislative treatment, provided it is willing to accept and exercise responsibility and respect for the public interest. Speaking as one of the cosponsors of the proposed legislation, I am not interested in creating economic cyclone cellars for 16 wealthy families, merely to provide that the rich may become richer, while the poor may not even have a big league baseball game available to see through a knothole in the fence.

Consequently, after consultation with some of my colleagues and with others, I have drawn up an amendment which I am submitting at this time.

My reasons for submitting the amendment are as follows:

First. It is standing national policy in this great Republic that when privileges are extended legislatively, it is expected that public interests will be respected. We do that in such activities as telephone service and in the case of power companies, in connection with which private entrepreneurs are given special privileges, as quasi-public monopolies, but only in response to considerations of public interest. We also do that in transportation services, and in many other services. That brings me to my second point.

Second. Since organized baseball is now requesting special legislative protection and concessions, there is created for us an opportunity and a responsibility, as legislators, to make certain that we protect the public interests we are elected to represent.

Third. I believe most Americans will agree that recognizing baseball legislatively as our national sport on the one hand, while making it more probable and more likely that it will cease to be represented in our National Capital on

the other hand, would be incongruous and inconsistent, to put it most mildly.

Fourth. Baseball has demonstrated itself to be an excellent and effective tool in the conduct of the cold war, in which the whole world is unhappily engaged, and in which America has a very vital interest. We have witnessed great organized international baseball tours. The New York Yankees have played in Japan. We heard the Vice President the other day in his report on his trip to South America say how wonderful it would be to have a representative big league team tour the South American countries, carrying with them the competitive spirit of baseball to our Latin American neighbors.

We are now broadcasting sports programs, including baseball, by private enterprise, to South American countries. We are broadcasting live broadcasts of baseball games to foreign areas.

Baseball is recognized, abroad and at home, as being typically American. Foreign visitors who come to America understandably expect to see baseball played in our National Capital. They do not expect to have to go to New York or Chicago or San Francisco or even Baltimore to see the national sport played when they come to visit the National Capital of these United States.

As one of the sponsors of the Smith-Mundt Act, many of those who visit our country under our leadership exchange programs flow customarily through my office every week. I enjoy visiting with them. I frequently ask them: "What impressed you most about America? What did you like about Washington? What did you dislike? What are you going to tell your friends back home?"

Many of the foreign visitors have said to me, "Senator MUNDT, one of the things I will never forget is the baseball game we saw at Griffith Stadium. It was the first time we had ever seen baseball played, while we were visiting Washington on our tour."

What impressed them? They were impressed by the spirit of fair play, which is so typically American and so typically baseball. They were impressed by the democratic attitudes. Many of the foreign visitors have said to me, "Senator MUNDT, we are impressed by the fact that we saw the Vice President at the baseball game, eating hamburgers and peanuts, sitting with the rest of the people, not in a bulletproof cage, and with no big wall marking him off. We saw him there with his two daughters and with his wife. We saw him take the seventh-inning stretch, cheer like everyone else at the game, and act like a typical American."

Mr. President, who knows how much that means in terms of international comity, or how much it means in connection with the great intangibles in what we call the conduct of the cold war? Who knows how much it means to have foreign visitors, who come here day after day and week after week, in the baseball season, and who included a visit to the stadium in the National Capital of the country, to see Americans play our national game, and to be im-

pressed by the democratic processes and by the attitude of sportsmanship?

They have said to me, "Ah, we know now why Americans believe so much in private enterprise. We see the competitive spirit in the baseball game. We do not understand why the man throws the ball to the other fellow, and why a player tries to hit it. But it is good competition. It is respect for law when we see the man in the blue suit make a motion with his thumb and see someone walk off the field."

Mr. President, this is teaching Americanism to those who want to know more about it. It is teaching it in the National Capital, in the public interest, and through the medium of our national sport.

I do not believe that the Senate by its action should create an economic bonanza, and make it more profitable, and more probable for those who own the club in Washington to sell it to an economic tycoon in a distant city, so that no longer can we have the intangible assets of international good will flow from the fact that baseball is played where baseball should be played, in the National Capital of the United States of America, as a national sport.

Some foreign visitors have said to me, "Ah, we see on the baseball field the rewards of the merit system which means so much to you Americans. The players are not all paid on equal terms. Some of the players are paid much more than other players. This is America, not a Communist country, in which everyone seeks the same level at a very low altitude. This is where a Mickey Mantle or a Roy Sievers or a Ted Williams can lead the pack and be paid accordingly. Still all play together with good teamwork even though some players are paid several times what other players earn. It is your opportunity system in action."

That is a good thing for our foreign visitors to see and to be able to say when they come to the Nation's Capital to witness the national sport. It is good doctrine for them to carry back home to their respective countries.

It is pretty bad business to expect a man from Iran or a man from Turkey or a man from Poland who is visiting in the National Capital to buy an airplane ticket and fly to Chicago to see a baseball game played, or to expect him even to make the short but hot and crowded, inconvenient trip to Baltimore to witness our national sport in action.

Mr. President, it is good to have baseball played in the National Capital. It is good for America and it is good for our international relations.

Another reason, Mr. President, is that many of our own constituents come from communities where big league baseball is not played. Each of us has a great many constituents in towns and small communities who do not have big league baseball games played in their home town or in their home State. Many of them see their first big league baseball game when they come to Washington. Eventually almost everyone in the United States comes to Washington, or should come to Washington. When they

come to Washington to visit the National Capital, it should be possible for them to see our national sport played in the National Capital. It is a great inspiration to people, on their visit to the Nation's Capital to go to Mount Vernon, to see the great statues and the other historic monuments in the Capital City. It is also good to know that while they are here they can see a big league baseball game, as many of them do, and as many of them will, if we do not make it highly probable, by a careless disregard of our responsibilities as Senators, to create by legislation, which we enact, a situation so attractive to new owners, that they will bid up and up baseball franchises so that they go to the ones with the most money, making a monopolistic business enterprise out of baseball, while in the process of defining it legislatively as a sport.

Fifth. Mr. President, since baseball originated in the United States, it is identified as something which is strictly American. It exemplifies in its procedures almost the entire concept which makes America, American. It typifies the competitive spirit, the zeal, the enthusiasm, the teamwork, the sportsmanship which are characteristic of America. It exemplifies the rewards of the American system of life. It represents respect for law. It provides opportunity for free speech. In the bleachers and in the grandstands, where everyone sits as a king, a person can hoot and "holler," criticize or applaud, as circumstances seem to justify.

Baseball smacks of Americana, just as much as do chewing gum or pumpkin pie. Youth leaders in this country have known that for a long time. Youth leaders have utilized baseball as a means on thousands of sandlot diamonds all over the country, for training young Americans in the elements of good sportsmanship and good citizenship.

In my home State of South Dakota, many years ago, the American Legion of my State originated junior league baseball. That has now spread and has become a national activity, a national program.

Young Americans have a right to expect that big league baseball will be identified with the National Capital. They have a right to expect that this game, which has become so intensely American, will be practiced, will be played, will be performed in the National Capital. So my amendment does not change the intention of Congress one iota concerning baseball, except as follows. I list in an explanatory note the reasons why I think the proposed legislation is justified, and then provide the following change:

The provisions of subsection (b) of this section are therefore enacted by the Congress for the purpose of fostering the national interest.

That, after all, is the only reason for legislating in this field—to foster a national interest. It is not to foster the fortunes of 16 wealthy families. It is not to foster the economic opportunities for those who happen to own the big league clubs. It is not to create a sort of semimonopolistic pattern, in which

a specified number of players and owners can operate to the exclusion of everyone else. We should legislate here only in the national interest. So I provide:

Except as may be otherwise hereafter provided by law, the first section of this act shall continue in effect with respect to the organized professional team sport of major league baseball only so long as the city of Washington, District of Columbia, continues to be represented by a major league baseball club affiliated with the American League of Professional Baseball Clubs, or the National League of Professional Baseball Clubs.

Mr. President, I ask unanimous consent that the entire text of my proposed amendment may be printed at this point in the RECORD.

The PRESIDING OFFICER. The amendment will be received, printed, and appropriately referred; and, without objection, the amendment will be printed in the RECORD.

The amendment was referred to the Committee on the Judiciary as follows:

At the end of the bill, add the following new section:

"SEC. 6. (a) The Congress hereby finds that the maintenance of a major league baseball team in the Nation's Capital is in the national interest because (1) the game of baseball having originated in the United States and being played in baseball parks and on sandlots throughout the Nation is generally regarded as the national sport, (2) visitors to the Nation's Capital from all sections of the Nation, and particularly those from areas having no major league baseball team, look forward to the opportunity of seeing major league baseball played in the Nation's Capital, and (3) international good will is fostered by the existence of a major league baseball team in the Nation's Capital because prominent visitors from abroad come here expecting and hoping to see the game which they regard as our national game played in our Nation's Capital and cannot fail to be favorably impressed by the sense of fair play and democratic attitude which prevail in the baseball park. The provisions of subsection (b) of this section are therefore enacted by the Congress for the purpose of fostering the national interest.

"(b) Except as may be otherwise hereafter provided by law, the first section of this act shall continue in effect with respect to the organized professional team sport of major league baseball only so long as the city of Washington, D. C., continues to be represented by a major league baseball club affiliated with the American League of Professional Baseball Clubs or the National League of Professional Baseball Clubs."

Mr. MUNDT. Mr. President, I think this is an equitable proposal. It does what Congress wishes to do and what the House attempted to do. It provides, for an organized sport, special considerations and concessions to which it feels it is entitled, to which I feel it is entitled, and which I believe are essential if baseball is to continue to be the great national game which it has been for so long.

My amendment provides merely that at any such time as those who make the decision as to whether a baseball club shall leave Washington, to wit, the other owners decide to take big league baseball out of the national capital at any time they become so dedicated to the worship of the great god, gold, that they think

it is to their selfish, economic advantage to take a baseball team out of Washington and put it somewhere where they can make another hundred thousand dollars a year, or where they may perhaps make a little better dividend for their stockholders, or where perhaps they can accept an invitation from an oil tycoon to give the owners a cool million dollars to move out; any time organized baseball gets so materialistic as that, the law repeals itself.

Could anything be fairer than that? So long as baseball desires to remain a sport, we make its owners a sporting proposition. The law provides the desiderata which the owners consider essential and which I consider necessary. But once by their own action, by their own votes, they say it is not so much of a sport as it is an opportunity to profit grandly, the law is repealed by their own actions.

All 16 baseball clubs are interested in this matter. Certainly I would not compel the present owners of the Washington Senators Baseball Club to remain in town and to remain the owners of the club. If they cannot make it a profitable operation, they can sell it to those who can make it a profitable organization in Washington. If they can do neither, they can get the consent of their big league associates to move and at that time, by such action, they bring about the automatic repeal of this proposed new protective legislation.

So if the present Washington baseball owners cannot or will not build a team which will make profitable baseball in the national capital or sell the franchise to those who can or will; if they want to sell the franchise to some other town, they have the right, under my amendment, to do so, provided the owners of the other clubs give their approval. Then out of Washington they would go; but the bill goes out with them also. That is up to them. They can repeal it themselves or they can let the club operate in Washington, as it should operate, so long as baseball is a sport. My amendment provides the new protective legislation and ceases to operate the moment baseball becomes purely an economic monopoly pursued solely for profit by the wealthy men who own it as demonstrated by their collective decision to barter baseball out of our National Capital so as to make more money for themselves.

To me, the proposed legislation is in the public interest. I shall appear next week before the legislative subcommittee dealing with the matter, and there continue my arguments and presentations in its support.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. ERVIN. Mr. President, I doubt whether there has been a greater effort

in American history to propagandize not only the Members of Congress but also the American people in respect to any legislative proposal than that which has characterized the drive for the enactment of the bill to extend the reciprocal trade agreements program.

Apparently every public relations officer in virtually every agency and department of the United States Government has been assigned for a long period of time to persuading Congress and the American people that a Reciprocal Trade Agreements Act extension bill should be passed in substantially the form of the House bill.

I favor an extension of the reciprocal trade agreements program according to the concept of its originator, Cordell Hull. For this reason, I expect to support the bill in the form in which it came from the Senate Finance Committee.

Mr. President, one is tempted to assert that in its effort to persuade Congress to abdicate its constitutional functions in this field and to give carte blanche authority to the executive branch, the administration has resorted to what might aptly be called brainwashing. In the first place, we are told that unless we give the executive branch absolute authority to discharge the constitutional functions of Congress in this field, foreign nations will turn to communism. We are told that the only way by which we can deter foreign nations from turning to communism is for us to make sacrifices of basic American industries, selected by the State Department. We also are told that any person who believes that the primary obligation of the United States Government is to the industries and citizens of America is a "disreputable protectionist." Thirdly, we are told that a man who is engaged in the business of importing into the United States products manufactured under sweatshop conditions in foreign countries is a devout patriot, even though he may be actuated by the same motive as any other person who desires to make a profit, and even though his act may assist in the sacrifice of a basic American industry and the robbing of American citizens of the right to earn their own bread in the sweat of their own brows in the only occupations of which they have knowledge and in which they have experience.

Mr. President, it seems to me that any bill on this subject involves two fundamental propositions. The first is that the bill should be so drafted and so enacted as to satisfy the requirements of the Constitution of the United States. The second is that the bill should be so enacted and so administered as to accomplish its purpose as envisioned by Cordell Hull, namely, the promotion of mutually profitable trade.

Mr. President, in view of the fact that I read in the press, this morning, that a Cabinet member had stated, in substance, that if the Congress passes a bill which conforms to the provisions of the Constitution of the United States, the reciprocal trade agreements program will be emasculated, I believe it advisable for us to consider briefly the constitu-

tional provisions which apply to the pending bill.

Article I, section 1, of the Constitution provides that—

"All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Article I, section 8, of the Constitution contains two provisions relevant to this discussions. The first specifies that—

The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States.

The second provision of this section is to the effect that the Congress shall have power to regulate commerce with foreign nations.

Another provision of the Constitution seems to me to be pertinent in this connection. I refer to the provision in article I, section 5, that a majority of each branch of Congress shall constitute a quorum to do business.

I refer to article I, section 5, for the purpose of calling the attention of the Senate to the interpretation which is placed on constitutional provisions declaring that a majority of the members of a legislative body shall constitute a quorum for the transaction of business. It is well settled that in all cases the majority of a legislative body is a quorum entitled to act for the whole body unless the power that created it, namely, the Constitution, has otherwise directed.

All legislative power of the United States, including the power to lay tariffs and the power to regulate commerce with foreign nations, is clearly vested by the Constitution in the Congress of the United States and, under that Constitution, is to be exercised by a majority of the Members of the Congress.

Yet this morning's press informs us that a member of the Cabinet says that the value of this bill will be destroyed if we retain in it a provision allowing a majority of the Congress of the United States to exercise the power vested in the Congress by the Constitution of the United States.

We have come to a tragic day, Mr. President, when we hear members of the Cabinet urging Congress to ignore the principles of the Constitution of the United States and urging Congress to restore to the pending bill a provision which is clearly unconstitutional because it sets forth that it shall take a two-thirds majority of the Congress to exercise a power which the Constitution of the United States provides a majority shall exercise.

I shall discuss very briefly the constitutional doctrine that a legislative body cannot delegate its legislative power to others.

One of the great cases on this subject is the case of *Hampton & Co. against United States*, which is reported in volume 276 of the *United States Reports*, at page 394. In that case the Court made this declaration, which is undoubtedly the proper interpretation of the Constitution of the United States:

The Federal Constitution and State constitutions of this country divide the governmental power into three branches. The first is the legislative, the second is the executive, and the third is the judicial, and the rule is that in the actual administration of the Government Congress or the legislature should exercise the legislative power, the President or the State executive, the governor, the executive power, and the courts or the judiciary the judicial power, and in carrying out that constitutional division in three branches it is a breach of the national fundamental law if Congress gives up its legislative power and transfers it to the President, or to the judicial branch, or if by law it attempts to invest itself or its members with either executive power or judicial power.

In this decision the Supreme Court declares, in effect, that Congress may delegate the performance of governmental functions to an executive officer or to an agency or commission created by law if the statute making the delegation lays down fixed principles to guide and control such officer, agency, or commission in the performance of such functions. The rule is set forth on page 409 of this decision in these words:

If Congress shall lay down by legislative act an intelligible principle to which the person or body authorized to fix such rates—

And the Court was here talking about tariffs—

is directed to conform, such legislative action is not a forbidden delegation of legislative power.

The important part of that decision is that when the Congress authorizes any executive officer or any agency or commission to perform governmental functions, it is essential to the constitutionality of the authorizing statute that Congress shall lay down in it standards which are binding upon the officer or agency or commission to which the performance of such functions is committed.

I want to call the attention of the Senate to one other decision of the Supreme Court of the United States on this point, the celebrated case of *Schechter Corp., against United States*, which is reported in volume 295 of the *United States Supreme Court Reports*, at page 495.

In that case Chief Justice Hughes, one of the greatest constitutional lawyers this country has produced, wrote an opinion striking down the NRA Act on this ground:

It does not undertake to prescribe rules of conduct to be applied to particular states of fact determined by appropriate administrative procedure.

As I analyze the bill as it came from the House, there is serious doubt about its constitutionality. This is true for this reason: While the bill undertakes to lay down some standards in the provisions relating to perilpoints, and some standards in the escape clauses, there is nothing whatever in it which requires the President of the United States, to whom administration of the proposed legislation is committed, to pay any attention to any standards whatever.

Mr. President, I am in favor of the bill as reported by the Senate Committee on Finance. In my judgment the

bill as so reported satisfies the constitutional provision vesting the power to regulate commerce with foreign nations in the Congress, because it prescribes standards binding on the President in the administration of the act.

I do not accept as valid the assertion of the Cabinet members that an act extending the reciprocal trade agreements program in conformity to constitutional provisions will invalidate the program. I think a bill which observes the constitutional provisions vesting the power to regulate foreign commerce in the Congress can be enacted into law by Congress and that such a bill will provide for a wholesome reciprocal trade agreements program far better than the original House bill or the act under which we have been operating during the past few years.

To make myself plain, I strongly advocate the enactment of a bill establishing a reciprocal trade program conforming to the ideas of Cordell Hull. But I am not in favor of enacting a statute giving sanction to the maladministration from which this program has suffered during the past few years.

Mr. President, I have something to say about the manner in which the American people and the American Congress have been propagandized by the public relations men of the executive agencies and branches of the Government in connection with the bill. In my county we have an area called the South Mountains. One of the South Mountaineers had been buying groceries on credit. He went to the grocery store to pay his bill. When the grocer advised him as to the amount of the bill, the South Mountaineer started to complain because he thought the amount named exceeded what was actually due. The grocer took his account books and laid them on the counter in front of the South Mountaineer, and said, "Here are the figures. You know figures don't lie."

The South Mountaineer said, "I know that figures don't lie, but liars sure do figure."

Liars are not the only people who figure. Even honest men sometimes engage in this activity. When honest men are determined to persuade people by propaganda that they have the only righteous views in connection with a problem, they are inclined to ignore, or forget figures which militate against their position.

We are told, for example, that the value of United States exports is about \$20 billion a year, that the value of United States imports is about \$13 billion a year, that in consequence the nations trading with us suffer a dollar shortage of about \$6 billion a year, and that we cannot continue to have trade with these nations because of the dollar shortage, which is the difference between the value of our exports and the value of our imports. It is contended this shortage disables the ability of other countries to trade with us.

This is so much hokum. There is no dollar shortage. The truth of the matter is that there are more American dollars going out of this country directly or indirectly to foreign nations than the

value of all American exports. When the figures are added up to portray the value of our exports and the value of our imports, the only count taken is of the tangible chattels which are exported.

There are a great many other ways in which dollars are exported by us to other nations. One of those ways, Mr. President, is through United States overseas defense expenditures. I asked the Library of Congress for information as to the amount of the United States overseas defense expenditures for the year 1957, and I was informed by the Library that those expenditures totaled \$3,184,300,000. These expenditures, standing alone, cover approximately half of the difference between the value of our exports and the value of our imports. In that way we exported abroad more than \$3 billion in 1957.

There is another way in which we export money, and that is by expenditures for travel overseas by United States residents. Every year thousands upon thousands of American citizens visit to foreign countries as tourists, or in other capacities, and leave American dollars there. I asked the Library of Congress to advise me as to the amount of expenditures overseas by United States residents during the year 1957. The Library informed me that Americans visiting other nations left 1,360,000,000 American dollars in foreign nations during the year 1957, and that, in addition, foreign flag carriers left 250 million additional American dollars in those nations. So from expenditures incident to travel overseas by United States residents during 1957, foreign nations accumulated \$1,610,000,000, according to the information furnished me by the Library of Congress.

I also requested the Library of Congress to inform me as to the earnings on foreign investments in the United States which were removed from this country to other nations. I was informed that the Library did not have the figures available for 1957, but that such earnings totaled \$732 million during 1956. We can safely assume that earnings of this nature during 1957 were at least equal to those of 1956.

The items I have thus far recounted show that there was an exportation of American dollars represented by such items alone as distinguished from chattel goods, totaling approximately \$5,500,000,000 for the year 1957. I have not yet reached the question of the exportation of agricultural surpluses under Public Law 480.

During 1954, 1955, and 1956, the Congress authorized expenditures totaling \$3 billion for the exportation of agricultural surpluses under Public Law 480. By 1957 all of that \$3 billion authorization had been exhausted by contracts.

In 1957 we authorized the exportation of surplus agricultural commodities for sale for foreign currencies, to a total of \$1 billion. While the authorization bill has not passed the House at this session, the Senate has passed a bill which provides that for each of the next 2 years we shall export surplus agricultural commodities to foreign countries in exchange for foreign currencies to the extent of \$1,500,000,000 each year.

So all the talk about a dollar shortage has no substance. It is something we use to delude ourselves and the American people into thinking that we must find some way to close a supposed gap between exports and imports. The gap is more than closed.

While the exportations of agricultural surpluses for foreign currencies under Public Law 480 are counted among our exports, we get nothing back for them in the way of imports. This is true because we spend all those foreign currencies in the other countries—about 24 percent, I believe, for the payment of American obligations in such other countries, and the remainder for grants and loans to such countries for their economic and military purposes. So, as a matter of fact, foreign nations are getting far more American dollars from the United States than the amount of the difference between our tangible exports and imports. Therefore, there is no substance to one of the principal arguments being used to persuade us to pass the original House bill under which we would totally abdicate our authority over foreign trade under the Constitution, and confer absolute power in respect to it upon the President, who, in turn, would delegate such power to some other persons in the State Department, whose identities are unknown to the Congress and the American people.

I have heard assertions made by the advocates of the original House bill as to the ideas of Cordell Hull with respect to reciprocal trade which are enough to make the shade of Cordell Hull in the other world weep.

Cordell Hull had a very sound concept of reciprocal trade.

Let me read to the Senate statements of Cordell Hull on this subject. On November 1, 1934, Cordell Hull delivered a speech expounding his ideas of a proper reciprocal trade agreements program, before the National Foreign Trade Council. In that speech he decried what had happened in connection with the Smoot-Hawley tariff. He said that instead of enacting the Smoot-Hawley Tariff Act, Congress should have adopted a sensible reciprocal trade program. This is what he said in that connection:

This would have meant an equally profitable exchange of surpluses, and so did not mean that the United States would be expected to take commodities it did not need or did not want, or which would seriously affect our own domestic production of the same commodities on a satisfactory basis.

In that statement, Cordell Hull made it plain that any proper Reciprocal Trade Agreement Act should contemplate that the United States should export to other countries goods which it produces in surplus quantities, and should import from such countries goods which the United States either does not produce or cannot produce in sufficient quantities. He made it plain that it should never be contemplated that in any such program action should be taken which would seriously affect our own domestic production of the same commodities on a satisfactory basis.

On November 10, 1934, Cordell Hull delivered a speech before the American

Farm Bureau Federation at Nashville, Tenn. He said something which ought to have some weight with the American Congress in passing on the pending proposed legislation. He said that under a proper reciprocal trade agreements program—

Increased imports * * * will be stimulated on the basis of causing the least possible disturbance to domestic production.

He added this further statement:

It is an axiom of economics that a people, whether its output per capita be great or small, can make available for its own consumption a greater variety and a greater quantity of goods by exchange of commodities it produces very effectively for commodities which it cannot produce or can produce only with relative ineffectiveness.

There again Cordell Hull made this very plain: That any sound reciprocal trade agreements program would provide that the United States should export the goods it produces in surplus quantities, and in return import from other nations goods which the United States either does not produce or cannot produce effectively. In other words, he emphasized time and again that the only basis for a mutually satisfactory trade is what in effect constitutes an exchange of surplus commodities between two countries.

On December 10, 1934, Cordell Hull made a speech before the American Farm Bureau Association, in which he said that the reciprocal trade agreement concept contemplated "being prepared to accept goods we desired and needed in return for our surpluses."

Then he added, substantially, that the fundamental concept of reciprocal trade could be expressed in these words:

Mutually profitable and wholesome exchange of surplus commodities.

On May 2, 1935, Cordell Hull made a speech before the United States Chamber of Commerce, in which he described how the original Reciprocal Trade Agreements Act was being administered under his direction:

Of the finished manufacturers, the greater part consists of specialty products which are not directly or seriously competitive with products of our own industries. Essentially, they complement our own products.

In that speech Cordell Hull pointed out that under the original Reciprocal Trade Agreements Act we were receiving from other nations goods which essentially complemented our industries, instead of destroying or competing with them.

On March 23, 1935, Cordell Hull delivered a radio address to the American people, in which he said this about the reciprocal trade agreement concept as envisioned by him:

I may first remark that all agree to the maintenance of reasonable or moderate tariffs that will not allow excessive or unreasonable importations of competitive products.

There again, Mr. President, Cordell Hull was emphasizing the only basis for mutually satisfactory trade between nations, namely, trade in which each nation exports its surplus products and imports

products which it either does not produce or can not effectively produce.

On May 2, 1935, Cordell Hull made another speech before the United States Chamber of Commerce, in which he said:

I repeat, international trade has always been essentially of a complementary character, rather than sharply competitive, and this will continue to be the case.

On April 30, 1936, Cordell Hull delivered another speech before the United States Chamber of Commerce, in which he made these significant statements:

Each nation has come to regard foreign markets as the natural outlets for its surplus output, and the surplus production of other nations as the sources from which to supply its own deficiencies.

In the course of the same speech, he made this significant statement:

The nations, in the matter of tariffs, must embark upon a sound middle course between extreme economic internationalism and extreme economic nationalism.

Mr. President, I submit that the reason the Reciprocal Trade Agreements Act has been maladministered during recent years is that it has been administered by unidentified persons in the State Department who went to the extreme of economic internationalism and ignored Cordell Hull's repeated assertion that the only mutually satisfactory trade between nations is a trade which, in substance, involves the exchange of surpluses.

On May 22, 1936, Cordell Hull made a speech at a foreign trade luncheon, in which he said this:

Only by exchanging surpluses created by their respective national effort can nations achieve a full and stable measure of prosperity; full employment of their labor, equipment, and resources; and friendly and peaceful relations with others.

This broader and more liberal program is based upon a practical middle course which avoids the extremes of both isolationist and internationalistic economic policies. Its cornerstone is mutually profitable trade, based upon equality of trade rights and fair and friendly trade methods and practices.

Cordell Hull was stating an inevitable and inescapable truth when he said:

Only by exchanging surpluses created by their respective national effort can nations achieve a full and stable measure of prosperity; full employment of their labor, equipment, and resources; and friendly and peaceful relations with others.

Today, in my State, a number of plywood plants have been closed as a result of the maladministration of the Reciprocal Trade Agreements Act, which encourages the importation into the United States of goods which are already being produced in the United States in surplus quantities.

When goods are imported into the United States similar to those being produced here in surplus quantities, it is inevitable that the imported goods will disrupt the domestic market, injure the domestic industry, and deprive the workers in that industry of their jobs. That is inescapable.

Today there is great unemployment in the United States. It has been contributed to in part by the importation

from other nations of goods which are already being produced in the United States in surplus quantities. If Senators do not believe that statement, let them go to Michigan and look at the automobile factories; then let them drive out in traffic and see the number of foreign-made cars which are traversing our highways.

Cordell Hull made another statement. On February 19, 1938, before the Second Annual National Farm Institute, he said:

To get concessions from other countries and thus to aid our exports of farm and other products we have naturally had to grant concessions in return, which have included a few duty reductions on farm products. When necessary these concessions have been accompanied by special safeguards in the form of seasonal or quota limitations on imports permitted to enter at the reduced rates of duty.

In making duty reductions we are guided by two basic principles. First, we are opposed to prohibitive or embargo rates, which are ruinous to agriculture and to the Nation as a whole. Second, we take every precaution to safeguard American producers from abnormal or materially hurtful imports.

Mr. President, I have read these extracts from speeches of Cordell Hull for the purpose of making it plain that the reciprocal trade agreements concept as developed by Cordell Hull contemplated that the United States would make agreements with other nations whereby the United States would export to the other nations goods produced in this country in surplus quantities, and whereby the United States would import from the other nations goods which the United States either could not produce at all or could not produce in sufficient quantities.

Cordell Hull never contemplated that the Reciprocal Trade Agreements Act should be administered in such a way as to encourage the importation into the United States of goods which we did not need and did not want because they were already being produced in this country in surplus quantities. Yet that has been a main characteristic of the administration of the Reciprocal Trade Agreements Act in recent years.

The second great principle of the reciprocal trade concept which Cordell Hull emphasized was that when it made an agreement with a foreign nation in respect to trade, the United States would demand some concession of value to the United States in return for the concession which the United States extended to the other nation. That idea has been abandoned by the State Department, as I shall demonstrate in a moment.

The first, and perhaps the foremost, act of maladministration of the Reciprocal Trade Agreements Act during recent years is that of encouraging the importation into the United States of goods which we do not want and do not need simply because we are already producing them in surplus quantities.

I do not rely upon the unsupported assertion of the senior Senator from North Carolina in making that statement. I rely upon statements of Douglas MacArthur 2d, the United States Ambassador to Japan, which appeared in the

Washington Post and Times Herald for Monday, July 14, 1958. Our trade with Japan exemplifies that the Reciprocal Trade Agreements Act has been and is being maladministered by the importation of articles which we already are producing in surplus quantities.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the article entitled "Envoy Denies Move To Cut Japanese Trade," written by Gene Kramer, and published in the Washington Post and Times Herald of July 14, 1958.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post and Times Herald of July 14, 1958]

ENVOY DENIES MOVES TO CUT JAPANESE TRADE
(By Gene Kramer)

YOKOSUKA, JAPAN, July 14.—United States Ambassador Douglas MacArthur 2d told the Japanese today they have a false impression that the United States is moving to boycott their goods.

The Ambassador spoke at ceremonies marking the 105th anniversary of the landing at nearby Kurihama Beach by Commodore Matthew C. Perry. The landing opened up trade between an isolated Japan and a growing United States.

"I am more than a little distressed by an impression prevalent in Japan that the United States has taken steps to * * * restrict the imports of Japanese goods into the United States," he said. "Such reports are erroneous in the extreme."

Many top ranking Japanese have expressed the fear the United States is on the verge of cracking down on goods from Japan that compete with American products. Foreign Minister Aichiro Fujiyama has said he would attempt to resist any such moves when he visits Washington in September.

NOT ONE-SIDED

MacArthur also said it was a false impression here that United States-Japanese trade is one-sided in favor of the United States.

When the balance is added up, he said, the Japanese must consider not only direct trade but also United States military spending and aid purchases for other countries in Japan.

"These are exports, just as much as any other of Japan's exports," he said. "When they are taken into account, Japan's so-called heavy deficit with the United States disappears."

He noted that the United States imported about \$600 million worth of goods from Japan last year. This is almost half the value of Japanese goods purchased from the United States, he said. But, he added, Japan earned another \$547 million from United States aid and military spending.

Despite the United States business slump, he said, Japanese exports to the United States in 1957 continued to rise and reached an alltime high for any single year. And in the first 5 months of 1958, these exports ran \$25 million over the same period in 1957.

MAY BUY ELSEWHERE

MacArthur's speech comes at a time when Japanese leaders are considering boosting exports to the United States and shifting from the United States to other countries the Japanese purchases of such raw materials as cotton, iron ore, oil, and wheat.

"Contrary to exaggerated reports," the Ambassador said, "there has been only one case in recent years in which the United States has increased its tariff on a product of which Japan is a major supplier—clinical thermometers."

He acknowledged there are genuine problems in United States-Japanese trade. He said one of them is the fact that American

products exported to Japan are noncompetitive with Japanese products, while everything sent from Japan competes with products made in the United States.

He called for a frank interchange of views through mutual give and take and by enlightened cooperation based on tolerance and understanding.

"History has thoroughly vindicated the vision of President (Millard) Fillmore, Commodore Perry, and the Japanese statesmen of that day as to the importance of trade to the well-being of our two countries," he said.

Mr. ERVIN. Mr. President, I call attention to two of the statements contained in the article. As Ambassador MacArthur points out, the value of our tangible exports to Japan is approximately double that of our tangible imports from Japan.

But, as in the case of the dollar shortage, which I discussed a moment ago, that statement does not tell the complete story. According to the article, United States Ambassador MacArthur said:

The Japanese must consider not only direct trade but also United States military spending and aid purchases for other countries in Japan.

These are exports, just as much as any other of Japan's exports. When they are taken into account, Japan's so-called heavy deficit with the United States disappears.

He pointed out that Japan was getting from the United States, in American dollars, \$547 million in United States military spending and aid purchases for other countries in Japan. The truth of the matter is, according to the figures set forth in the statements of Ambassador MacArthur, that Japan is getting more dollars from the United States in the form of imports by the United States, plus the military spending and aid purchases, than the United States is receiving from its exports to Japan.

I offer the statement of Ambassador Douglas MacArthur II to prove my statement that the act is now being maladministered through the encouragement of importations into the United States of goods which we do not need because we are already producing such goods in surplus quantities. On that point, the article states:

He acknowledged there are genuine problems in United States-Japanese trade. He said one of them is the fact that American products exported to Japan are noncompetitive with Japanese products, while everything sent from Japan competes with products made in the United States.

Douglas MacArthur II is a career diplomat who tells us the truth about this matter. He corroborates my charge that the act is being maladministered in that we are encouraging the importation of goods we do not need because we are already producing such goods in surplus quantities.

Mr. President, not only has the Reciprocal Trade Agreements Act been maladministered in that respect, but it has also been maladministered, in that those who administer it—whoever they may be; and no Member of the Senate or the House of Representatives knows who they are; they are unidentified and unknown—have absolutely cast out the window any idea of reciprocity. I say that—and, Mr. President, I shall not be-

labor this point—for the reason that there is now virtually no reciprocity in our foreign trade; this charge is established by the following facts: 62 countries require import licenses, in order to get goods into those countries; 46 countries require export licenses, sometimes tied up with stringent currency controls; 36 countries have restrictions on outgoing capital movements; 28 countries have restrictions on incoming capital movements; 33 countries have exchange licenses; 23 countries have multiple-exchange rates; and 9 countries have import quotas; but the import licenses operating in the 62 countries I have previously mentioned are, in effect, just the same as quotas. And we receive such treatment at the hands of other countries although we have removed most of our trade restrictions and made our tariff about the lowest of any great commercial nation.

Mr. President, I have been very much concerned about this phase of the matter, because my State is very much interested in the exportation of leaf tobacco and manufactured tobacco. On occasions, I have called the attention of the State Department to the fact that other nations enjoying vast trade concessions from the United States are erecting trade barriers and raising tariff walls against American tobacco, and have asked the State Department to assist in the prevention of the erection of those trade barriers and tariff walls. But so far the State Department has not done anything effective about the matter.

What is happening to exports of American tobacco is set forth in a statement from the Department of Agriculture on import barriers against American tobacco. The statement shows that many of the countries which have received from us the most liberal trade concessions are doing everything in their power to exclude the importation and use of American tobacco within their boundaries. Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, the statement on import barriers against American tobacco.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

IMPORT BARRIERS AGAINST AMERICAN TOBACCO

Argentina

Import licensing: For the past several years, the Central Bank has granted practically no import permits for tobacco of any type. This development has eliminated United States tobacco from the Argentine market. During the period 1947-51, our leaf tobacco exports to Argentina averaged 2.1 million pounds annually, principally flue-cured and burley. There were no exports of any type in 1952, 1953, and through November 1954.

Australia

(a) Preferential tariff: Under terms of a trade agreement in operation since 1941, southern Rhodesian tobacco enjoys a 9 pence (8.4 cents) per pound tariff preference in the Australian market. This places United States leaf at a disadvantage in the Australian market, and encourages the importation of leaf from southern Rhodesia.

(b) Purchase agreement: A purchase agreement is in effect with southern Rhodesia, under the terms of which Australia guarantees to take a minimum quantity or

percentage of the southern Rhodesian crop. The present guaranteed quantity is 9.7 million pounds, or $6\frac{1}{2}$ percent of the crop, whichever is smaller. Increasing Australian consumption has lessened the impact of this on United States exports, although imports from southern Rhodesia rose from a prewar average of 0.1 million pounds to 9.1 in 1953. The United States share in the Australian tobacco import market declined from more than 95 percent in prewar to less than 70 percent during the period 1949-53.

(c) *Mixing regulation*: This regulation, which has been in effect (with modifications) since 1936, provides for substantial duty concessions on imported tobacco which is to be blended with certain minimum percentages of domestic leaf in the manufacturing process. The concession ranges from 15 pence (14.0 cents) and 18 pence (16.7 cents) per pound, depending upon the classification of the tobacco and end use. Through its influence upon the leaf usage of the larger manufacturers, this regulation has almost certainly maintained demand for Australian leaf at a higher level than might otherwise have been the case.

Austria

Bilateral agreements: For a number of years, Austria, which has a government tobacco monopoly, has maintained a number of bilateral agreements with tobacco-exporting countries, providing for the importation of tobacco of a specified quantity or value. Agreements have been in operation with Bulgaria, Greece, Yugoslavia, India, Brazil, and Indonesia. Most of the tobacco imported from countries listed are not directly competitive with American leaf; however, any quantities imported from them under such trading arrangements do tend to displace leaf from the United States.

Egypt

(a) *Premium dollars*: According to latest available information, Egypt has for some time permitted no dollars to be used for tobacco purchases at the official rate of exchange. Importers have been required to pay an approximate 10 percent premium to obtain dollars for United States leaf. Exports of United States tobacco to Egypt presumably would have been greater if this premium payment had not been necessary. It has tended to encourage imports of Southern Rhodesian and Indian tobacco.

(b) *A trade and payments agreement* is in effect between Egypt and Greece. This was recently extended to cover the period September 1, 1954, to August 31, 1955, and tobacco is one of the commodities moving from Greece to Egypt under the terms of the agreement. This encourages the importation of Greek tobaccos, and tends to prejudice the position of the United States tobacco in the Egyptian market.

Finland

Premium dollars: Severely limited dollar allocations for tobacco have forced Finnish importers to resort to "switch" transactions through third countries, in order to obtain dollars for United States leaf tobacco. There have been premium payments involved in these transactions, usually amounting to from 10 to 20 percent. It is probable that if dollars had been freely available, United States tobacco exports to Finland would have been about one-third greater than actual shipments during the past several years.

France

(a) *Limited dollar allocations*: A system of exchange controls covering dollar purchases for United States leaf has been maintained for several years. This has severely limited imports of United States leaf, apparently without regard for consumer preferences, comparative prices, or the traditional pattern of French tobacco imports from this country. Imports from the United States declined from an average of 21.4 mil-

lion pounds in 1946-47 to only 6.4 million in 1952-53. In prewar years, the United States supplied about one-third of French tobacco imports. During 1952-53, the United States share was only 9 percent.

(b) *Compensation agreements*: For a number of years, France has maintained trading arrangements with a number of countries, under the terms of which tobacco has been included as an item to be imported into France. Agreements have been concluded with the following countries: Greece, Turkey, Yugoslavia, Brazil, Argentina, and the Central African Federation. These agreements have been used to implement the French desire to direct trade in tobacco toward countries agreeing to purchase French commodities. They have acted to reduce the French market for United States leaf, particularly dark tobaccos, and to expand imports and usings of oriental tobaccos. In prewar years, an average of only about 3 million pounds of oriental leaf were imported into France; for 1949-53, the average was 22 million pounds.

Hong Kong

Preferential tariff: A tariff preference of 0.20 Hong Kong dollar (3.5 cents per pound) is in effect on leaf tobacco imports into Hong Kong from British Commonwealth sources. This probably has had no appreciable effect on imports of United States tobacco.

India

Import licensing: An import licensing system is in effect which severely limits imports of tobacco from dollar areas. This acts as a deterrent to exports of United States leaf to India, which fell to only 1.2 million pounds in 1953, compared with an average of 7.5 million during the period 1947-51.

Indonesia

(a) *Mixing regulation*: The government requires that a minimum percentage of domestic flue-cured leaf be used in the manufacture of certain popular brands of cigarettes. At latest report, the percentage was 10 percent, but indications are that in view of the balance-of-payments situation, the minimum will be increased.

(b) *Import licensing*: In the fall of 1954, licenses for the purchase of United States leaf were sharply restricted. For 1954-55 (September-August), exchange sufficient for about one-half the 1953-54 purchases will be allowed, and for 1955-56, only about one-quarter. If this regulation is strictly adhered to, imports from the United States will be reduced drastically from the average of about 13 million pounds shipped to Indonesia during the period 1951-53.

Italy

Bilateral agreements: Italy has negotiated bilateral trade agreements with Greece and Turkey. Although tobacco is not specifically mentioned as an item to be imported by Italy, reliable information indicates that such imports are virtually imposed on Italy. These agreements tend to affect Italian imports of tobacco from the United States. Italy has a monopoly which controls all phases of the tobacco industry, and can direct import trade as it sees fit. The monopoly, a government agency, is in a position to implement politico-economic policy toward countries that will accept Italian export commodities in large volume.

New Zealand

Mixing regulation: A regulation has been in effect since January 1, 1941, requiring a tobacco manufacturer to use a specified minimum percentage of domestic leaf tobacco in his total manufacturing operations. The minimum was originally fixed at 20 percent. Under the GATT agreement, New Zealand undertook to guarantee that the minimum percentage requirement, which had been increased on several occasions since

1941, would remain at the then existing level of 30 percent. According to latest information, it has been raised to $32\frac{1}{2}$ percent, as a voluntary move by manufacturers. Because of steadily increasing consumption of tobacco in New Zealand, imports and utilization of United States tobacco have been maintained. It is believed that the volume of imports of leaf from the United States has been below what takings would have been in the absence of the mixing regulation.

Pakistan

(a) *Preferential tariff*: The tariff regulations provide for customs duties on United States leaf at \$2.25 per pound, plus an excise duty. Indian tobacco, because of an agreement made at the time of the partition, is subject to an excise duty only. In effect, Indian tobacco for customs tariff purposes is treated as domestic leaf, and therefore the customs duty is not applicable. The preference is sufficient to encourage the importation of leaf from India in lieu of higher quality tobacco from the United States.

(b) *Mixing regulation*: There is a sliding-scale excise tariff favoring maximum use of domestic leaf. In other words, the rate of excise declines, as the percentage of domestic tobacco used in a particular product increases. This tends to discourage maximum use of United States tobaccos.

Philippine Republic

Import quotas: Under Republic Act 698, effective May 9, 1952, imports of leaf tobacco (except cigar wrapper) were limited to the following percentages of 1950 imports: 1952-75; 1953-50; 1954-40; and 1955 (and subsequent years)-25. The 1950 imports approximated 28 million pounds. As amended in mid-1954, the law continued the percentage quota restrictions for 1954 and 1955; but provided for such additional imports which, when added to domestic leaf production, would permit the manufacture of tobacco products at a level not less than that of the previous fiscal year. For 1956, and subsequent years, the amendments provided for import quotas at a level which, when added to the domestic crop, will permit manufacturers to produce a quantity of tobacco products equal to the preceding year's. These quota provisions have already restricted imports of United States flue-cured and Burley tobacco, and have promoted uneconomic expansion of the domestic flue-cured crop.

Portugal

(a) *Preferential tariff*: Light tobacco from Portuguese colonial possessions is accorded a preferential duty of 15 percent below the rate applicable to imports from the United States. The object is to encourage tobacco production in those overseas areas.

(b) *Bilateral agreement*: A basic agreement with Greece, signed in 1949, provides for the exchange of Portuguese fishery products for Greek tobacco (oriental) in the amount of \$700,000 annually. This has reduced the market for United States leaf in Portugal, although consumers prefer tobacco products containing high percentages of flue-cured and Burley. Imports from Greece increased from 1 million pounds in 1949 to 1.4 million in 1953. Imports from the United States were only 7.9 million pounds in 1953, compared with 8.9 million in 1949.

Spain

(a) *Exchange allocations* for United States tobacco have been extremely limited, despite the historical pattern of trade with the United States. The Monopoly and Ministry of Finance strictly control all tobacco purchases. These measures have severely restricted United States exports of dark tobaccos even though they have been offered to Spain at competitive prices.

(b) Clearing agreements are believed to be in effect with several of the important suppliers of tobacco to the Spanish market. Imports from Brazil and the Dominican Republic have been increased sharply in recent years compared with prewar. Imports from the United States are far below prewar levels.

United Kingdom

(a) Preferential tariff: For many years, the United Kingdom has maintained a preferential tariff on imports of tobacco from Commonwealth countries. At present, the differential in the tariff on United States leaf and Commonwealth leaf is 18½ pence per pound (21.5 United States cents), for the principal category of leaf imports. It is impossible to measure accurately the effect this preferential duty has had on imports and utilization of United States tobacco. Displacement of United States leaf has continued and developed for a long period of years. The tariff preference has been a most important factor in the increased tobacco production in Commonwealth areas and the reduced share of the United States in the British market. During the period 1919-23, only 6 percent of British tobacco imports was of Commonwealth origin; the average of 1951-53 was 45 percent. At present the tariff preference amounts to only about 3 percent, although in prewar years it was as high as 20 percent. The current duty on imports of United States unstemmed leaf containing 10 percent or more of moisture is the equivalent of a little more than \$8 per pound—roughly 12 times the export value of the tobacco.

(b) Purchase agreement: A postwar development of great significance to United States flue-cured-tobacco growers is the purchase arrangement, originally negotiated in 1947, whereby British manufacturers agree to purchase a large percentage of the Southern Rhodesian tobacco crop. Under existing terms of the agreement, purchases are fixed at 85 million pounds (farm weight) for 1955, and 80 million for the years 1956-58. This agreement has acted as a strong stimulus to increased production in Southern Rhodesia. Imports into Britain from Southern Rhodesia increased from about 16 million pounds in prewar to nearly 60 million in 1952 and 1953.

(c) Dollar allocations: For a number of years, purchase of United States leaf have been limited by dollar allocations. At present, the system provides for tobacco purchases from "dollar areas" sufficient to cover current manufacturing requirements—or about 61 percent of the total usings of light tobaccos. It does not take into account the drastic decline in the United States share in total manufacturing operations over the past 6 or 7 years.

(d) Mixing regulation: At the suggestion of the Government, British manufacturers agreed a number of years ago to use 5-percent oriental tobacco in cigarettes produced for home consumption.

Under the impact of this combination of barriers, the importation of United States tobacco into the United Kingdom fell from 78 percent of the total in the prewar (1934-38) period to an average of only 51 percent in 1951-53. On an absolute basis, imports from the United States declined from an average of 213 million pounds during 1934-38 to an average of 150 million pounds for 1951-53. Conversely, imports from outside the United States (mostly Commonwealth) increased from an average of 62 million pounds in 1934-38 to 147 million in 1951-53.

Uruguay

(a) Dollar premiums: Tobacco importers in Uruguay have had to pay a premium in order to obtain dollars for tobacco imports.

(b) Bilateral agreement: In effect with Greece, providing for \$100,000 worth of tobacco purchases from Greece during the period May 1954-April 1955.

West Germany

Bilateral agreements: A number of trade agreements are in effect with other countries, providing for the importation of substantial quantities of various commodities including tobacco into Germany in exchange for industrial goods. The most significant of these, as far as tobacco is concerned, are those with Greece, Turkey, Brazil, and Colombia. Their effect has been to pressure German tobacco manufacturers to expand their purchases and usings of oriental leaf and non-United States cigar tobaccos. Under the impact of these agreements, the United States proportionate share in the German market declined considerably from 51 percent in 1950 to 43 percent in 1953.

COMPETITIVE EXPORT AIDS

Algeria

Export subsidy: This was made effective in 1954, in order to boost tobacco exports to areas outside of France and its overseas territories. It is too early to assess the full effects of this new subsidy system, but it may eventually cut into United States exports of light and dark air-cured tobaccos.

Colombia

Export subsidy: An export bonus, which in 1954 amounted to about 40 percent of the selling price, is paid to tobacco exporters. This has already encouraged the export of dark tobaccos to Germany and France, both of which are markets for United States dark types of tobacco.

Cuba

Commercial agreements: Cuba has commercial agreements, covering the exportation of Cuban tobacco to other countries. Agreements have been concluded with Argentina, Chile, Germany, Spain, France, and the United Kingdom. These probably have had some adverse effects on the level of exports of dark and cigar tobaccos from the United States.

Dominican Republic

(a) Export monopoly: The Government has been granted permission to establish a consortium which would have the sole right to purchase and export tobacco. This paves the way for easy negotiation of bilateral trading arrangements and subsidization of exports.

(b) Commercial agreement: This was recently negotiated with France and provides for the importation into France of \$1 million worth of Dominican tobacco annually.

Greece

Bilateral agreements are in effect with a number of countries, including Portugal, West Germany, Italy, Uruguay, Austria, France, and Egypt. All of these countries are outlets for American tobacco. (For significance to United States tobacco, see under comments on these countries.)

India

Import licensing: From July 1954 India has had a system of ad hoc import licenses covering the goods of countries guaranteeing to purchase lower grades of Indian flue-cured tobacco.

Italy

(a) Tie-in sales: Italy, a monopoly country, in recent years has facilitated the export of certain types of tobacco by the tie-in sales method. By means of this, the sales contracts for scarcer and more desirable tobaccos with some Western European countries have included other types not so much in demand. We have no indication that this trading arrangement has been discontinued, and it appears to have had some effect on exports of United States dark tobaccos.

(b) Trading arrangement: The Italian Tobacco Monopoly, a government agency, has an agreement with the Swiss Cigarette Manufacturing Association covering imports of

Italian tobacco into Switzerland in exchange for Swiss exports of cigarettes to Italy. This agreement adversely affects exports of United States fire-cured tobacco to the Swiss market.

Madagascar

Guaranteed market: The French tobacco monopoly virtually guarantees to take the total production of Maryland-type tobacco in Madagascar. Incentive prices are maintained, and United States Maryland has been practically eliminated from the French market.

Paraguay

Exchange subsidy: There is an exchange subsidy, tied in with the minimum selling prices, which has encouraged the export of tobacco in larger volume to Spain and France, both formerly very important outlets for United States dark tobaccos. The exchange subsidy was recently raised to about 100 percent.

Southern Rhodesia

Purchase agreements: (see under United Kingdom, Australia, and France).

Turkey

Bilateral agreements: (see under Italy, West Germany, France).

Union of South Africa

Export subsidy: An export bounty or subsidy is in effect, permitting exports at less than world market prices. For the 1953-54 export season the bounty was up to 40 percent of the minimum selling prices. Exports totaled 4.4 million pounds in 1953, compared with only 0.3 million in prewar years.

MONOPOLY COUNTRIES

In many countries, most phases of the tobacco industry are controlled by a governmental or quasi-governmental agency. Policy with respect to import trade frequently is undertaken arbitrarily. The volume and kind of tobacco products manufactured, and the type of leaf used in their manufacture, are established by the government. The government in a monopoly country is in a position to direct consumers' tastes toward certain domestic and imported tobaccos, without regard to preferences or the traditional manufacturing and trade pattern. Monopoly policy is often based on political considerations. Countries in the free world having monopoly control of tobacco include the following:

COUNTRY AND TYPE

Austria: Government.
Ecuador: Leased.
Formosa: Government.
France: Government.
French Morocco: Leased.
Haiti: Leased.
Iran: Leased.
Iraq: Leased.
Italy: Leased.
Japan: Leased.
Korea: Leased.
Peru: Leased.
Portugal: Leased (two companies).
Spain: Leased.
Sweden: Government.
Syria and Lebanon: Leased.
Thailand: Government.
Tunisia: Government.
Turkey: Government.

Mr. ERVIN. Mr. President, I wish to point out another strange thing in respect to the actions of the State Department. After the Congress passes a Reciprocal Trade Agreements Act and delegates to the President its power to regulate trade with foreign nations, the President delegates that power to the State Department.

Mr. President, if any individual were to act in the way the State Department

acts, in respect to matters of trade, the psychiatrists would pronounce him a schizophrenic, and he would be locked up for being crazy.

I say that because we are constantly told by the State Department that we should tear down our tariff walls and trade barriers, and that the reason we should tear them down is that in that way we can get other nations to tear down their tariff walls and their trade barriers and permit the importation of our goods. As a consequence, I was much surprised to learn of the actions of Mr. Sidney L. Buffington, a textile manufacturing consultant under contract with the industrial development center through the United States International Cooperation Administration, a part of the State Department, who went to the Philippine Islands and made a study of how the Philippine Islands should go about developing a textile industry. As I understand it, Mr. Buffington was, in substance, an employee of an agency which constitutes a part of the State Department—the State Department which says trade barriers and tariff walls should be torn down. Mr. Buffington went to the Philippine Islands to study how the islands may develop a textile industry. On March 7 of this year he made certain recommendation as to how this can be done. His recommendations are referred to in a news dispatch published in the Manila Bulletin on Thursday, April 17, 1958. I ask unanimous consent to have the news dispatch printed at this point in the RECORD, as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Manila Bulletin of April 17, 1958]
WANT BAN ON YARN, TARIFF ON GRAY CLOTH

Sidney L. Buffington, textile manufacturing consultant under contract with the Industrial Development center through the United States International Cooperation Administration, has recommended a temporary ban on imports of cotton yarn and an admittedly protective tariff on cotton and synthetic gray cloth and all finished textiles to maintain the growth of the local textile industry.

Unless the necessary steps to encourage the installation of looms for weaving cotton cloth are taken at once, he warns, the Philippines will have a year from now a tremendous excess of yarn which it could not put to use.

In his fifth quarterly report, Buffington states that the country now has sufficient cotton spinning capacity to provide all the cotton yarn that can be successfully processed through existing facilities and that will be safe to stop the further import of cotton yarn until such time as the yarn-consuming sections of the industry grow sufficiently to require a renewal of yarn import.

If the further development of the industry proceeds in an orderly fashion, Buffington says, it may never be necessary to import more cotton yarn in any great volume.

However, Buffington points out, looms in operating condition have not increased substantially since the beginning of the year. As of last March, there were only some 3,270 looms in operating condition, an increase of only 80 looms from the estimate of 3,190 made as of December 1957.

"The demand for local woven products has been made very uncertain by the excessive

import of gray and finished fabrics," he says. "Many of the looms in place do not operate full time because of lack of demand for locally produced gray goods. It is unrealistic to expect fast development of the weaving section of the industry unless satisfactory opportunities for profit are offered. Such opportunities cannot exist if excessive import of gray cloth is continued."

Buffington bewails the present helter-skelter studies and actions in allocating foreign exchange for textile equipment, raw material, semimanufactured and finished goods, which, he says, "have resulted in very unbalanced development of the industry, excess expenditures of scarce foreign exchange, inability to operate existing equipment to achieve the greatest savings in foreign exchange and a reluctance on the part of new investors to enter the textile manufacturing business."

The present investment in the textile industry, according to Buffington's survey, is close to 150 million pesos.

"The industry is so big," he says, "and its importance in the Philippine industrial picture is so great that awkward handling of import allocations for the industry's operating materials, supplies and repair items and new replacement equipment, places an unwarranted additional strain on the already strained Philippine economy."

A large proportion of the development of the textile industry, he observes, is financed with credit extended by commercial banks. "In many instances, the amount of credit extended by the commercial banks has been encouraged and substantially enlarged by the time-deposit program and the 80-percent guaranteed loan fund program of IDC."

He urges to agencies concerned with the development and the operation of the textile industry to coordinate their actions to promote better balanced development, save the maximum in foreign exchange, promote additional employment and protect the very substantial investment which has been made.

The fact that raw cotton is available to the Philippines at no cost in dollars through section 402 of the Mutual Security Act and also through United States Public Law 480 should make it attractive to the Philippines to push the local production of cotton yarn and cotton gray cloth the highest possible levels and to hold down import of the same things to the lowest possible levels, the consultant declared.

In his report to the IDC and the ICA, Buffington makes some of the following recommendations:

1. Place an admittedly protective tariff on the import of cotton yarn high enough to ensure that locally produced yarn will be more attractive pricewise than the imported variety.

2. Place an admittedly protective tariff on the import of all finished textiles high enough to insure that locally produced goods will be more attractive pricewise than the imported variety.

3. Make available to the local spinners all the raw cotton they can process with as little delay as possible.

4. Make available foreign exchange for supplies, accessories, spare parts and auxiliary equipment to insure that facilities for spinning and weaving that are now in place can operate as fully as possible.

5. Make available foreign exchange for balancing equipment and auxiliary equipment for spinning and weaving units already under construction so that they can go into operating with the least possible delay.

6. Stop making foreign exchange available for equipment to those sections of the textile industry which are already developed beyond the immediate needs of the Philippine market.

Mr. ERVIN. Mr. President, Mr. Buffington made 19 recommendations as to how a textile industry should be developed in the Philippine Republic. Among those 19 recommendations, 8 were to the effect that the Philippines should ban the importation of textile products, and erect tariffs to prevent the importation of textile products from anywhere else on the face of the earth. I do not care to read all these recommendations, but I wish to call attention to the fact that the 4th, the 5th, the 6th, the 7th, the 8th, the 9th, the 10th, and the 18th are recommendations made by an employee of the State Department that the Republic of the Philippines take active steps forthwith to prevent the importation of any outside textile products into the Philippine Islands.

The recommendations are rather significant. I shall read some of them, merely as examples. I shall read Nos. 9 and 10. No. 9 reads:

Place an admittedly protective tariff on the import of all finished textiles high enough to insure that locally produced goods will be more attractive pricewise than the imported varieties.

The 10th recommendation reads:

Make the tariff applicable to all finished textile imports and collect it; allow no one, not even Government-owned agencies to import finished textiles duty free or with reduced duties.

In effect, Mr. President, we find that an employee of an agency of the State Department—the Department which says it wants to tear down tariff walls between nations—went to another nation, the Philippine Islands, and advised it to establish a tariff system under which it will be virtually impossible for any textile goods to enter the Philippine Islands from any source. In other words, after we encouraged and assisted the Japanese to build up a great textile empire, an employee of the State Department went to the Philippines and tried to make certain that Japan would not be able to export any of her textile products to the Philippine Islands.

After the International Cooperation Administration took the money of American taxpayers and used it to build textile plants in Indonesia, an employee of the State Department went to the Philippine Islands and recommended that they take steps which would make it certain that Indonesia also would not have a market in the Philippines for the products of the mills which were built in Indonesia with the money of American taxpayers.

Mr. President, I ask unanimous consent that the recommendations of Mr. Buffington, which were included in the Fifth Quarterly Report to Industrial Development Center and United States Operation Mission to the Philippines on Development of the Textile Industry in the Philippines, and which bears the date of March 7, 1958, be printed in full in the RECORD at this point as a part of my remarks.

There being no objection, the recommendations were ordered to be printed in the RECORD, as follows:

FIFTH QUARTERLY REPORT TO INDUSTRIAL DEVELOPMENT CENTER AND UNITED STATES OPERATION MISSION TO THE PHILIPPINES ON DEVELOPMENT OF THE TEXTILE INDUSTRY IN THE PHILIPPINES, MARCH 7, 1958

(By Sidney L. Buffington)

III. RECOMMENDATIONS

1. IDC should continue to collect data relative to textile operations, should improve its present collection and tabulating methods and should make the results of its work available to all legitimately interested parties.

2. As need arises and opportunity presents itself additional information regarding the textile industry should be added to the collection. However, commonsense should be exercised and no overambitious systems set up without practical trials. It is better to have a minimum of fast and accurate information than a tremendous target that cannot be achieved.

3. IDC should continue to advocate the formation of a special group (this is a repetition of the third recommendation made in my second quarterly report, dated June 7, 1957) charged with the work and duties of dealing only with matters relating to the textile industry and to advise the national economic council regarding the textile industry and its growth. Formation and use of such a group is necessary to correlate information on the textile industry, keep the many Government agencies that are involved informed and advised, reduce the overlapping functions that now exist and attempt to get more value for the Philippines per import dollar spent for textiles and textile equipment than has been realized to date.

4. Put a stop to the duty and tax free import of textile materials by the so-called new and necessary industries.

5. Place an admittedly protective tariff on the import of cotton yarn high enough to insure that locally produced yarn will be more attractive pricewise than the imported variety.

6. Make the tariff applicable to all cotton yarn imports and collect it; allow no one, not even Government-owned agencies, to import yarn duty free or with reduced duties.

7. Place an admittedly protective tariff on the import of cotton and synthetic grey cloth high enough to insure that locally produced gray cloth will be more attractive pricewise than the imported variety.

8. Make the tariff applicable to all grey cloth imports and collect it; allow no one, not even Government-owned agencies to import gray cloth duty free or with reduced duties.

9. Place an admittedly protective tariff on the import of all finished textiles high enough to insure that locally produced goods will be more attractive pricewise than the imported varieties.

10. Make the tariff applicable to all finished textile imports and collect it; allow no one, not even Government-owned agencies to import finished textiles duty free or with reduced duties.

11. Make available to the local spinners all the raw cotton they can process into yarn with as little redtape; as little delay and at as reasonable terms as is possible in order to promote full operation of spinning facilities already installed to save as much foreign exchange as possible.

12. Make available reasonable amounts of foreign exchange for supplies, accessories, spare parts, and auxiliary equipment to insure that facilities for spinning and weaving that are already installed can operate as much as possible and by producing goods here, save the larger blocks of foreign exchange now being spent on the import of foreign-made manufactures and semimanufactures.

13. Make available foreign exchange for balancing equipment and auxiliary equip-

ment for spinning and weaving units already installed and under construction so that they can produce as much as possible with the least delay and save foreign exchange.

14. Make foreign exchange available to complete the purchase of planned units of spinning and weaving for which partial commitments have already been made so as to complete them and get them into operation with the least possible delay.

15. Stop making foreign exchange available for further expansion to those sections of the textile industry which are already developed beyond the immediate needs of the Philippine market.

16. Make foreign exchange available, as it is possible, for new ventures in combined spinning and weaving which are reasonably balanced to make grey cloth without the need to import yarn.

17. Promote loom installations with spinning already installed as the next urgent move to correct the temporary overexpansion of spinning only that can be foreseen.

18. Place a temporary ban on all cotton yarn imports to save exchange, encourage more operation of facilities already installed and to increase employment. Watch the effects of this move closely so that marked injustices can be corrected by special temporary action.

19. Continue to work with and educate the managements of all factories that request help on matters pertaining to raw cotton and the buying of raw cotton to minimize troubles and losses caused by receipt of bad shipments.

Mr. ERVIN. Mr. President, I have been concerned about the maladministration of the Reciprocal Trade Agreements Act because of its impact on two industries of my State. One of those industries is the plywood industry. A number of North Carolina plywood plants have gone out of existence, and their operators have ascribed their economic demise to the importation of plywood produced by labor in other countries which have no minimum wage laws of any character.

Another one of the industries threatened by the maladministration of the Reciprocal Trade Agreements Act in my State is the textile industry, in which 230,000 of the people I have the honor, in part, to represent in the United States Senate are employed, and in which industry they earn their daily bread for themselves and their families.

The only reason why the American textile industry has not suffered more is the forbearance of the Japanese. Congress delegated to the President the power to regulate commerce with foreign nations. The President delegated the power to the Secretary of State. The Secretary of State delegated it to some persons in his Department whose identities are unknown to the Congress of the United States. Those persons delegated it, so far as the textile industry is concerned, to the Japanese. As a result, we have this peculiar situation: For the first time since the morning stars sang together for glory, one sovereign nation has delegated to another nation the power to decide whether one of its basic industries shall fade or flourish.

Today the American textile industry, so far as Japan is concerned, is being regulated not by Congress, not by the President, not by the State Department, but by the Japanese. At any moment

the Japanese can decide it is no longer their obligation to protect American textiles against excessive or unreasonable exports of their own textile products.

As I said at the beginning, I am a strong advocate of a reciprocal trade agreements program based upon the two basic concepts of Cordell Hull. The first of these concepts is that the reciprocal trade agreements program must be operated in such a way that the United States will export to other nations goods which it produces in surplus quantities, and will import from such nations goods which the United States either does not produce or cannot produce in sufficient quantities for our own use.

The second is that in every case where the United States grants a trade concession to another nation there should be reciprocity, as Cordell Hull contemplated, in that we should receive from such nation a concession worthwhile in return for our concession. We should restore sense to the reciprocal trade program by reincarnating in the program and in its administration the concepts of Cordell Hull. Then we would have what he called a mutually satisfactory exchange of surplus commodities. That is the only basis on which we can have a satisfactory trade program, because the American Congress is not going to sit by and continue to see maladministration of the act to the detriment of American industries and to the detriment of the American working people who have to earn their living by the sweat of their brows in American industry.

By passing the bill which was reported by the Senate Committee on Finance, we will make it certain that this program is to be carried out according to the original concepts of Cordell Hull and that injury of a drastic nature to American industry and American labor will be averted. Moreover, by the adoption of the Kerr amendment, giving the majority of the Congress the power to exercise its constitutional authority in this field, we will conform our legislation on the subject to the Constitution of the United States.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ERVIN. I yield.

Mr. LONG. The Senator knows, does he not, that in the history of this program there has never been an extension of the reciprocal trade program for more than 3 years?

Mr. ERVIN. I certainly do. To my mind it is ridiculous for the State Department to ask that we extend the program for 5 years. It is ridiculous for us to be asked to abdicate our authority for 5 years. Certainly if the State Department cannot make an agreement in 3 years, it can come back to Congress and ask for another extension. If the Department has behaved in a sensible manner in the meantime there will be an extension.

Mr. LONG. Could it not be regarded as somewhat presumptuous for John Foster Dulles to believe he is going to be Secretary of State 5 years from now, or even 3 years from now?

Mr. ERVIN. I think it would be rather presumptuous, because I believe in the

next general election we shall have a change of administration and we shall have a new Secretary of State. I have every reason to believe, or, at least, to hope, that the new Secretary of State will have the same intelligence in trade matters as was manifested by Cordell Hull when he originated the reciprocal-trade-agreements concept and said the only mutually satisfactory trade between nations would be on the basis of the exchange of their surplus products.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. ERVIN. I yield.

Mr. LONG. The Senator is familiar with the fact that President Eisenhower is not permitted under the Constitution to run for reelection and, therefore, can only serve as President for 2 more years?

Mr. ERVIN. Yes.

Mr. LONG. Recognizing that fact, no one can very well look into a crystal ball to read with certainty the future. How are we to know that any American who may be President 2 years from now will want to have this particular act extended 3 years, into his term? Has it occurred to the Senator that the next President might prefer to have a different type of trade act from the one we have under consideration?

Mr. ERVIN. I hope that the next President, whoever he may be, will have some of the same sound notions about reciprocal trade Cordell Hull had, and that he will want an entirely different kind of act from the bill passed by the House and advocated by the administration.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. ERVIN. I yield further.

Mr. LONG. Can the Senator think of any Member of Congress whose term would extend to the end of the act, if we pass the 5-year provision, as it is asked we do?

Mr. ERVIN. We are asked to extend the law for 5 years. All the Members of the House of Representatives would have to be reelected at least twice, and at least two-thirds of the present membership of the Senate would have to be reelected before the act would expire, if it were extended for 5 years. I personally do not think Congress ought to abdicate its authority that long.

Mr. LONG. As a matter of fact, there is not a single Member of the Senate, which is the body with the longest tenure, whose term of office extends for more than 4½ years from today.

Mr. ERVIN. The Senator is correct.

Mr. LONG. Therefore, if we were to delegate the authority for 5 years, the elected term of not a single Member of Congress would extend for the period for which we delegated away the power of the Congress and the duty of the Congress to regulate foreign trade.

Mr. ERVIN. I think the Senator is correct.

Mr. LONG. I thank the Senator.

Mr. BIBLE. Mr. President, will the Senator yield?

Mr. ERVIN. I am delighted to yield to the distinguished junior Senator from Nevada.

Mr. BIBLE. Mr. President, I should like to commend the distinguished senior Senator from North Carolina for the very valuable contribution he is making to the discussion of the entire reciprocal trade picture. I know of the Senator's interest in this subject, and I certainly want to associate myself in general with the remarks he has made.

I noted the Senator's comments concerning the textile industry and the plywood industry of the State of North Carolina, and how the citizens of the State had been hurt by imports from Japan.

It was my privilege to hear one of the representatives of the State of North Carolina before the Mining Subcommittee a short time ago. He pointed out that in the State of North Carolina the tungsten industry would be closing its doors, I think in the last part of June, because of cheap imports of minerals from overseas. I think that was an operation which employed some 500 men.

Mr. ERVIN. It employed several hundred. I forget the exact number.

Mr. BIBLE. I think the witness testified between 475 and 500 men were employed in that operation.

The significant thing to me is that the American taxpayers have been sending money overseas to various countries for the purpose of building things such as mills—the most modern, efficient mills which could be designed—adapted to produce and ship materials back to this country and thus to put our mill men out of work, as our miners are being put out of work.

I wonder if the Senator from North Carolina, who has made a great study of this subject, is able to point out where the reciprocity is in that type of arrangement.

Mr. ERVIN. The truth of the matter is, as I said during the course of my remarks, during recent years the reciprocity concept has been thrown out the window. We are told that this should not be a commercial matter but should be something else. We are told that American industries and jobs of American working men are diplomatic matters, to be bartered away around diplomatic tables all over the earth by the State Department. We are told that unless we sacrifice segments of American industry selected by the Secretary of State, and unless we sacrifice jobs of Americans, every nation for whom we do not do those things is going to turn Communist; I do not believe this. I think other people love liberty just as we do.

Mr. BIBLE. I certainly associate myself with those remarks.

Is it not also true, not only in the mining field but also in the textile field, that a great many Americans wonder if it is not a part of our duty to help them a little?

Mr. ERVIN. Yes. There are still a few of us who labor under the antiquated notion that the primary obligation of the American Government is to promote the welfare of the American people.

Mr. BIBLE. I think that is a most worthy constitutional objective, and it is one we should attempt to follow a little more closely.

Did I correctly understand the distinguished Senator from North Carolina to say that a representative of the United States Government had made a study of the trade problem and had recommended to the Philippine Government that a tariff wall be imposed so as to prevent the importation of textiles into that country?

Mr. ERVIN. Exactly. He recommended that a temporary ban be placed upon the importation of all textiles until the Congress of the Philippine Republic could establish a tariff high enough to prevent the importation into the Philippines of textiles from all other nations. Also, he recommended, in order to make the tariff absolutely effective, that care be taken to see that all the tariff was collected, and even that no agency of the Philippine Government should be allowed to import anything at less than the full amount of the tariff.

Mr. BIBLE. I wonder if the same employee made a study of the textile problem in North Carolina, and if, by chance, he might have examined the adverse effect upon the industrial economy of the Senator's State by reason of the importation of textiles from Japan and other countries. If so, I wonder if he made a recommendation that the industry in North Carolina be protected from importations from Japan. Was he consistent?

Mr. ERVIN. I have no knowledge that he ever made an investigation in North Carolina. But if he should make a recommendation that the North Carolina textile industry should be protected, and that the jobs of the 230,000 men and women who make their living in that industry should be protected, he would undoubtedly be dismissed by the State Department before the sun went down. This is true because it would be abhorrent to the State Department to think that any American interests should be protected in preference to those of other parts of the world.

Mr. BIBLE. I agree that that is what would probably happen to any such employee of the State Department. But if he were consistent, and if his policy were applied overseas, he would have arrived at a similar conclusion, would he not?

Mr. ERVIN. He would, if he had not been consorting with a department which is essentially a schizophrenic department—a department with a split personality.

The State Department goes to Indonesia and uses the money of American taxpayers to build a textile industry there. It goes to Japan to rehabilitate the Japanese textile industry. Then it goes to the Philippines, which would be within the trading area of those countries, and advises the Philippines to erect a tariff wall, so that no Japanese or Indonesian or American textiles can enter. Those in the State Department who want complete authority over all trade matters, unhindered by any constitutional limitations or any limitations im-

posed by Congress, remind me of the man of whom it was said that he jumped on his horse and rode off wildly in all directions. The Department advocates the abolition of tariffs in the United States, and the erection of tariff walls in the Philippines.

Mr. BIBLE. Does it seem too inconsistent to the distinguished Senator from North Carolina to request that some of these powers be returned to the Congress, where they originally reposed, according to the design of the Constitution? Is that an unsavory, unusual, and unreasonable request?

Mr. ERVIN. It is to some persons. I read in the newspaper this morning that a Cabinet member was quoted as having said that if the majority of the Congress were allowed to exercise the constitutional power possessed by Congress, it would emasculate the reciprocal trade agreement program. His concept of reciprocal trade is that it is impossible to reconcile a Reciprocal Trade Agreements Act with the Constitution of the United States and that therefore the Constitution of the United States is to be thrown overboard.

Mr. BIBLE. I appreciate the sentiments and views of one so distinguished in constitutional law as the able senior Senator from North Carolina. I wish to associate myself with his remarks.

Mr. ERVIN. I thank the Senator for his generous comments.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. ERVIN. I am delighted to yield to the able and distinguished Senator from Georgia.

Mr. TALMADGE. First, I desire to thank the distinguished Senator from North Carolina for one of the most able addresses I have heard in the short period of time I have been a Member of the Senate.

Second, I wish to associate myself with his remarks. I should like to ask him a question or two.

Mr. ERVIN. First, I should like to thank the Senator from Georgia for his very generous statement.

Mr. TALMADGE. In Georgia also the largest employer is the textile industry; but the people there are losing their jobs in droves at the present time. A short while ago I received a call from an employer in my State. He stated that one of his friends apparently would have to liquidate a textile mill, which is employing 600 people at the present time. It has been in existence as long as I can remember, and probably for a great many years prior thereto.

Is it not true that the manufacturer in any foreign country can buy raw cotton for about \$35 a bale cheaper than the textile industry in the United States can buy it?

Mr. ERVIN. That is correct. He can buy it at the cheaper rate from the Commodity Credit Corporation.

Mr. TALMADGE. Which is financed by the taxpayers of the United States.

Mr. ERVIN. Yes.

Mr. TALMADGE. Is it not also true that the wage standard in Japan, Pakistan, Indonesia, and many other countries is about 15 cents an hour?

Mr. ERVIN. That is about the highest wage paid.

Mr. TALMADGE. Whereas the wage scale in the textile mills of North Carolina, Georgia, Massachusetts, Rhode Island, and many other States in the Union is from \$1.35 to \$1.50 an hour.

Mr. ERVIN. That is correct.

Mr. TALMADGE. So the foreign manufacturer has the advantage of a cost price for the raw cotton \$35 a bale cheaper than the textile manufacturer in this country can buy it, and that differential is financed by the taxpayers of the United States?

Mr. ERVIN. That is correct.

Mr. TALMADGE. Also the wage scale differential is about 10 to 1 in favor of the textile mills which the State Department seeks to protect?

Mr. ERVIN. That is correct.

Mr. TALMADGE. Can the Senator think of any quicker way to put a textile mill and textile employees out of business than by a combination of those two circumstances?

Mr. ERVIN. I cannot.

Mr. TALMADGE. I believe the Senator from Nevada [Mr. BIBLE] held a colloquy with the Senator from North Carolina with respect to the employee of the ICA who was trying to persuade textile manufacturers to go to Indonesia and build textile mills there, at the cost of the taxpayers of the United States, to compete with textile mills in this country, which pay taxes.

Mr. ERVIN. That is correct.

Mr. TALMADGE. Can the distinguished Senator from North Carolina, who is not only an able lawyer, but an extremely able historian, think of any instance in all the annals of history, of anything better calculated to help to destroy our country fast?

Mr. ERVIN. I cannot.

Mr. TALMADGE. I thank the distinguished Senator.

Mr. ERVIN. We are told that American industries which are paying their employees \$1.25 or \$1.30 an hour can compete with foreign industries which are paying their employees 15 cents an hour. But it cannot be done. If we are to meet the demands of the market with our goods, the cost of production must fall and rise with the demands of the market. When we have a minimum wage law which prevents the wages of labor from falling with the demands of the market, and when we have a tax law under which 52 percent of all the profits is taken from industry, which must pay minimum wages, and when industry tries to compete with some industry in a foreign country which is subsidized by American dollars, which has the advantage of 15-cent labor and a preferential rate in the purchase of the raw materials, it is impossible to have fair competition.

Mr. TALMADGE. I thank the distinguished Senator. I heartily concur in that statement.

Mr. POTTER. Mr. President, differences of opinion over tariff policies are almost as old as our Nation itself. Perhaps that is the reason why the debate over the reciprocal trade agreements legislation which has been headlined so

much in the press seems so familiar to us all. We have heard it all before—or so it seems.

But we have not heard it all before. The words may sound familiar, but the basic reason for them this year is different. During the weeks of study devoted to the bill by the Ways and Means Committee of the House, this basic difference was clearly outlined, so much so that the bill was passed by the greatest majority given to tariff legislation in the 20th century. And for the first time in modern history more witnesses testified in favor of the administration bill than against it.

It is not my intention to dwell on the magnitude of this victory for reciprocal trade in the House. Nor do I wish to challenge the motives or thinking of the sincere men who voted against the measure. Indeed I marvel at them for holding to their beliefs so firmly in the face of evidence showing that 64 percent of the American people favor the bill. And certainly I do not wish to speak of this subject with emotion, though clearly it is an issue which stirs emotion among partisans and opponents.

It is my intent only to speak of cold facts and of dollars and cents, in representing my State to the utmost of my ability. I intend to vote for the passage of the Reciprocal Trade Agreements Act. I should have preferred to see the Senate bill include a 5-year extension, as approved by the House of Representatives, but nevertheless I will support the bill before us, particularly if it contains a substitute for the so-called Kerr amendment, or if the Kerr amendment is stricken from the bill.

It seems to me that proponents of reciprocal trade have done a fine job of acquainting the American people with the need for a modern realistic tariff policy. I need not speak again of the \$19½ billion in American products sold across the seas in 1957 and the jobs thus created for Americans. We are, I believe, well acquainted with the economic war mounted against us by the Kremlin. We are well acquainted with the urgent need of maintaining defense bases in foreign lands. Beyond recalling these facts briefly, I shall concentrate on the prosperity of the American people and the dependence of their prosperity upon our foreign trade.

The Department of Commerce, under the able leadership of Secretary Weeks, at the request of many Senators and Representatives, has produced a series of studies of the impact of foreign trade upon various areas of the United States. I believe these studies are an outstanding reason for the victory of the trade legislation in the House.

The Department of Commerce frankly states that it is impossible to measure with statistical precision the impact of foreign trade in any particular area. It does maintain, however, that in most cases the data used in the studies are within generally accepted standards of statistical accuracy. While an error may be possible, it cannot be a large enough error to impair the usefulness of the survey. I have spent much time

in examining these impact studies, particularly the one for my own State of Michigan. I am greatly impressed by what they reveal. As a matter of fact, I cannot at the moment think of Government funds which have spent to better effect in studies of this nature.

I would like to see such a study completed for every area of the United States and kept up to date each year. There is no better way to illustrate the vast economic change through which our country has been passing. These studies clearly reveal that the United States can no longer consume its own gross national product as it once did. To maintain our prosperity we must export. And if we expect our friends across the seas to buy our products, we, in turn, must buy their products from them. It is as simple as that.

In a moment I will comment briefly on the impact study of the State of Michigan, but before I do so I should like to quote from the Commerce Department introduction to each completed study. In this introduction the Department of Commerce outlines its purpose in very simple terms. This is the way it reads:

Every American instinctively asks the following questions about any situation that may affect his livelihood: Does it help or harm my job, my business, my chance to better my future? For the opportunity for economic self-preservation and self-betterment is a fundamental right of a free people. Because the true answer is crucial to each individual he serves his own best interest if he gets the best information available before making up his mind. In no field is there more urgent need for the truth—and the whole truth—to the individual than in the subject of foreign trade—which is growing to such widespread public interest this year. For more and more people are beginning to realize trade's increasing impact on our economy, its close relationship to the economic power of the free nations and its potential might in providing America with some of the national security strength necessary for survival in a Communist-threatened world. The purpose of this report is to describe what world trade does in the lives of the men and women or a particular area. It includes both the favorable and the unfavorable evidence.

Let us look at some of the statistics for the State of Michigan. They reveal that the significant industry groups in this industrial area are transportation equipment, machinery (except electrical), fabricated metal products, primary metal industries, and food and kindred products. Approximately a million and a quarter people are employed in the State of Michigan in the activities covered by these five groups. This is about 77 percent of all persons in the manufacturing field in our State. Michigan's proportionate share of all United States exports in these 5 fields came to \$861 million dollars in 1956.

It is difficult to imagine the economic setback which would come to the people of Michigan should the Senate fail to pass the reciprocal trade agreements bill in line with the overwhelming approval given by the House of Representatives. It would be tragic for them, indeed.

I do not make light of the plight of some small segments of American indus-

try which find themselves in difficulty because of foreign competition. I am well aware of this, as I am sure are my colleagues. This is a matter of grave importance to the administration, which also seeks an answer. There always has been, is now, and always will be another side to every story. There are costs which American history proves must be borne, at the moment disproportionately, according to some—for the needs of all. I have worked on the problems facing those who must meet foreign competition, and I shall continue my efforts to help reach a solution.

But for a moment I should like to speak of five great business and industrial groups upon which the economy of the State of Michigan depends. I will take them in order of importance.

Transportation equipment: In this field, according to the Commerce Department survey, about 400,000 people are employed in 536 establishments. Over 50 percent of all manufacturing employment in our State is in transportation equipment. Michigan's proportionate share of United States exports in 1956 was approximately \$628 million.

Machinery—nonelectrical: In this activity approximately 170,000 people were employed by nearly 3,000 manufacturers. In 1956 United States exports of machinery in this category were valued at almost \$3 billion. Michigan's proportionate share amounted to approximately \$153 million.

Fabricated metal products: In this grouping about 92,000 people were employed by 1,737 establishments. In 1956, United States exports of fabricated metal products amounted to \$444 million. Michigan's proportionate share was \$23 million. Moreover, this did not include the large percentage of fabricated metal products exported as integral parts of motor vehicles and other machinery items. And Detroit, it is well to remember, is the automotive center of the world.

Primary metal industries: Seventy-seven thousand seven hundred and forty-three Michigan workers were employed in 492 establishments in this field for which the automobile industry is the primary consumer. In 1956, United States exports of these products exceeded \$1 billion and Michigan's proportionate share came to \$34 million.

Food and kindred products: Nearly 60,000 people of Michigan found employment in 1,677 establishments in this important category. In the entire United States nearly a million and three-quarters persons were working in this field producing about a billion and three-quarters dollars worth of directly exported commodities. The share of this vast sum attributable to Michigan is almost \$23 million.

In speaking of these five groups I have done no more than scratch the surface so far as the State of Michigan is concerned. I call attention to the fact that a significant share of exports of industries is not included in those I have mentioned. They are manufacturers of chemicals, rubber tires, furniture, plastics, electrical equipment, and other products, many of whom also have direct export interests.

Indeed, the benefit to Michigan from foreign trade is so great and spreads into so many fields of commerce, industry, and agriculture that to speak of them all would take the rest of the day.

According to the Department of Agriculture approximately 262,000 people in the State of Michigan work on farms, and their need for supporting services creates employment for thousands more. Along with other United States farmers, these people have a direct interest in our exports of some 4 billion dollars worth of American farm products each year, which not only provide additional farm income, but also erase the pressure of supplies on the domestic market and strengthen prices. Michigan's proportionate share of these exports in the 1956-57 marketing year was approximately \$62 million.

Approximately 19,000 persons are employed in mining in the State of Michigan. Of these, some 4,250 are probably unconcerned with foreign trade, 5,500 may consider themselves affected adversely by the Nation's significant imports of copper and crude petroleum, and 9,300 persons may benefit from the Nation's large exports of iron ore.

About 950,000 persons in Michigan work in such industries as construction, public utilities, trade, banking, real estate, insurance, and public administration. It is quite safe to say that many of these people are not even aware that they have a stake in the foreign trade of Michigan. But they have, and it is an important stake. It derives mainly from the fact that among those to whom they sell their products or services are the great firms producing the movable goods which enter international trade. Then too, they derive an extra benefit to the extent that they handle international economic transactions which pass through the State such as telephone traffic, transportation, financing, and the like.

In any discussion of the benefits brought to Michigan by international trade we must mention imports from abroad. Without these many Michigan firms could not operate or would have to curtail drastically their operations. Imported flavorings, extracts, and other food products, imported minerals, and other raw materials, together with imported commodities of a raw and semi-finished nature, enable Michigan manufacturers to produce better products at a lower cost and Michigan people to enjoy better living than might otherwise be the case.

In the final analysis, the net effect of imports on the economy of Michigan appears to be overwhelmingly favorable. I emphasize that without the things which we buy from abroad, we would all have a substantially lower standard of living. In 1956 we bought \$13 billion worth of goods from foreign countries for use in our production processes or for consumption to meet the needs of the American people. Most of these imports met demands which could not be supplied from United States sources, or only to a limited extent at greatly increased prices.

The list of materials vital to the building of American automobiles which are

unavailable in the United States would be a long one indeed. For these we are entirely dependent upon shipments from abroad. One of the most important facts of all in this respect, and one often overlooked, is that without our purchase of goods from abroad foreign buyers would not have sufficient dollars with which to purchase our exported products in return. Trade among the free nations of the world is indeed, as President Eisenhower has so often said, a two-way street.

I have necessarily confined these remarks to my own State of Michigan. But for Americans in every part of the United States a similar situation prevails. The benefit of foreign trade may be greater in one or less in another, but the overall result is the same. Our Nation must trade or perish. And we must take the most realistic approach possible in considering this vital matter. The pattern before us is clear.

One or two other factors of great significance should be mentioned in any discussion of reciprocal trade. The newspapers of the United States probably have never achieved a greater degree of unanimity on any one subject in our time. All over this great country the press has outspokenly praised the Reciprocal Trade Agreements Act. The Department of Commerce impact studies, from which I have quoted at length, have also been quoted by the leading newspapers of our country, regardless of their basic political leanings. I believe it is safe to say that a person could count on the fingers of one hand the important daily newspapers which have not completely supported this legislation from beginning.

The coming of the St. Lawrence seaway has been hailed as bringing the world to the Great Lakes. Over this seaway will journey vast amounts of the wealth of America to lands across the seas. It would be the height of folly for the people of Michigan not to recognize the brilliant future of our great State. But the degree of its brilliance will be largely determined, as will the economic future of the entire United States, by the action taken on reciprocal trade by the United States Senate. There is only one road to take. I am confident that our country will keep its date with destiny and continue to lead the free world to freedom, peace, and prosperity in the years which lie ahead.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DENVER POST CHALLENGES BACKERS OF RIGHT-TO-WORK LAWS

Mr. NEUBERGER. Mr. President, many States at this time are witnessing attacks on labor peace and security in the guise of so-called right-to-work laws.

Such laws do not give jobs to workers and often upset existing labor peace.

Typical of the misleading and malicious campaigns for so-called right-to-work laws is the one described by a recent editorial entitled "Right To Work Is Unmasked," which was published in the Denver Post for June 26, 1958. The Denver Post is the largest daily paper in the Rocky Mountain area, and is published by the able Palmer Hoyt, formerly editor of The Oregonian, in Portland, Oreg. I ask unanimous consent that the editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

In its last minute frenzy to get signatures for its proposed amendment, the Colorado right-to-work committee has let its mask slip, thereby revealing that its attack on union shop contracts is merely a coverup for a blind fury it harbors for labor unions in general.

The recent advertisement placed in the Post by the committee, urging petition circulators to a final effort, is hardly a reasoned or temperate appeal. We wonder if members of the Denver Chamber of Commerce won't feel somewhat aghast to discover the real temper of the cause which they have officially joined—not through their own vote but through the vote of their directors.

No effort was made any place in the advertisement to discuss the supposed merits of the specific amendment, which would forbid employers and unions to enter into contracts containing requirements that employees must join a union within 30 days after being hired.

No place in the advertisement was it mentioned that under existing Colorado law union shop contracts are made only when employers and a heavy majority (75 percent) of the voting employees want them.

No place was it mentioned that union shop contracts are permitted under the Federal Taft-Hartley Act, which employers have defended so stoutly.

The great bulk of the Colorado right-to-work committee attack was not leveled at the union shop, except by devious indirection. Instead, the attack is aimed at Dave Beck, dishonest union officials, the Kohler strike, lack of democracy in unions, union political activity, lack of financial accounting, union-won wage increases.

The principal evils cited by the committee are not, of course, characteristic of all unions—only a few of them. These evils could exist with or without a union shop, yet the union shop is supposed to be the issue under consideration. Federal laws to correct many of these evils are now in the process of enactment, but the committee does not mention that.

The committee leaves the inevitable impression that it believes only employers—not unions—should engage in politics and that labor unions—but not, necessarily, chambers of commerce—should make decisions by votes of members.

If any evidence were needed that the right-to-work movement is unreasonably malicious, the Colorado committee itself has furnished it.

Mr. NEUBERGER. Mr. President, two distinguished Americans have recently formed the National Council for Industrial Peace to combat the type of campaign so well described by the Denver Post. Mrs. Eleanor Roosevelt and former United States Senator Herbert H. Lehman, of New York, have organized the National Council for Industrial Peace to combat the right-to-work laws and to promote good relations between labor

and management. I ask unanimous consent that the joint statement issued by Mrs. Roosevelt and former Senator Lehman on the founding of the National Council for Industrial Peace be printed in the RECORD following my remarks.

Organized labor has contributed greatly to the strength of the United States, and it is indeed unfair to penalize the working men and women of our country for the wrongs committed by a very small minority of labor leaders and unions.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MRS. ROOSEVELT, LEHMAN ISSUE TEXT OF STATEMENT

(Text of the joint statement issued by Mrs. Eleanor Roosevelt and former Senator Herbert H. Lehman on the formation of the National Council for Industrial Peace)

For some time, we have been alarmed and concerned at the growing attack upon organized labor and industrial peace and stability under the guise of so-called right-to-work laws.

The recent report from California that an initiative petition for such a law has qualified and will appear on the November ballot demonstrates that the time has come for action.

It is time for all right-thinking citizens, from all walks of life, to join in protecting the Nation's economy and the workingman's union security from the predatory and misleading campaigns now being waged by the United States Chamber of Commerce and the National Association of Manufacturers.

The fact is that these laws do not guarantee any right to work. They are clearly and solely aimed at weakening the trade-union movement and thus weakening the basic economy of the United States, which is built upon mass consuming power.

These laws are openly disruptive of mature, sound collective bargaining. They prohibit management and labor from signing contracts with union security clauses which are in the best interest of both the company and the workers. They are clearly injurious to industrial peace.

We are opposed to the compulsory open shop. We believe most thinking Americans, when they are aware of the facts and the truth about right-to-work laws, will oppose them. We believe the false propaganda of the proponents of these laws must be exposed and countered.

Therefore, we have formed the National Council for Industrial Peace and we have asked John M. Redding to act as its director.

We are asking our friends and those citizens of good will, in both parties, to join with us in order, initially, to combat the spread of right-to-work laws and, as a long-range goal, to protect America's economy by fostering good relations and avoiding ill will and strife between management and labor.

We shall conduct this council as a non-partisan, objective, independent organization, and we shall join hands with similar groups in various States to help achieve this goal.

We are convinced that the National Council for Industrial Peace can, and will, aid in achieving the kind of industrial society that is good for American industry, American workers and the entire American economy.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 376) to

amend the Commodity Exchange Act to prohibit trading in onion futures in commodity exchanges; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COOLEY, Mr. POAGE, Mr. ANFUSO, Mr. HILL, and Mr. HOEVEN were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 655. An act for the relief of Brig. Gen. Chester W. Goble;

S. 1850. An act to adjust conditions of employment in departments or agencies in the Canal Zone;

S. 2621. An act for the relief of Olive V. Rabiniaux;

S. 2833. An act to provide for the conveyance of the interest of the United States in and to certain fissionable materials in a tract of land in the county of Alamance, State of North Carolina;

S. 3057. An act to increase the compensation of the Superintendent of Schools and the Commissioners of the District of Columbia;

H. R. 1045. An act to amend the Soil Conservation and Domestic Allotment Act, as amended;

H. R. 10320. An act to provide for additional charges to reflect certain costs in the acceptance of business reply cards, letters in business reply envelopes, and other matter under business reply labels for transmission in the mails without prepayment of postage, and for other purposes;

H. R. 12162. An act to amend the District of Columbia Stadium Act of 1957 to require the stadium to be constructed substantially in accordance with certain plans, to provide for a contract with the United States with respect to the site of such stadium, and for other purposes; and

H. R. 12575. An act to provide for research into problems of flight within and outside the earth's atmosphere, and for other purposes.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. JOHNSTON of South Carolina. Mr. President, in voicing my opposition to the extension of the Reciprocal Trade Agreements Act, I do so in the name of economic realism.

History shows that the United States has had the world's highest standard of living, the highest wage scales, and the greatest productivity among the nations of the world. Our economic strength in the past has been our strong shield against powerful enemies. From our substance, we have provided the supplies of war for our allies, and after World War II we bolstered friendly nations threatened by communism. We again supplied the world in the Korean war.

In taking on the role of leader of the free world, the American people assumed back-breaking tax schedules. Mutual assistance has become global giveaways

enshrined as some untouchable policy. The consideration of American self-interest has been trampled in the dust by visionary theorists.

Not only did we send our dollars abroad to help put our friends back on their feet but after that we supported their budgetary requirements with our tax dollars, subsidized foreign industries, gave trade concessions that today mock our claim to national sanity.

Now much of this is coming back to consume us. Products of foreign industries, sustained by American tax dollars, produced abroad at virtually slave-wage levels, in many instances, are replacing American made goods in our domestic markets. Thus is created much unemployment, the fruit of our own mistaken generosity and ill-advised trade policy. Thousands upon thousands of Americans today are drawing unemployment benefits, running into millions of dollars, because their jobs have been abolished because of foreign competition which is being subsidized with American tax dollars.

The record will attest that from the outset of this giveaway carnival, I openly opposed these fanciful, costly programs and consistently have voted against them. Now the crop of wrath is being reaped. At this very moment unemployment stalks the land. Upward of 5 million workers are jobless in these United States. Day after day, week after week, the goal of recovery proves to be a mirage. The latest prediction we have from the White House economic experts is that they are looking for an economic upturn in the fall.

It has been a most fascinating, even if painful, experience to follow this game of the bouncing predictions: Back in January an upturn was suggested by the administration for February; when February came around, and things were no better, they polished up their crystal ball and took another look; and the pronouncement then made in all seriousness called for an improvement by March; then it was late spring; when the revival failed to materialize, they fell back to the safer ground of summer; and now of course the upturn is scheduled for autumn. The more cautious economists, however, are suggesting the first quarter, and in some cases the second quarter, of 1959 as the time when the country will turn the corner.

So the days, weeks, and months roll by, and the seasons come and go, and millions of Americans look in vain for employment, while Congress and the States strain to find a few million dollars to use to take care of our unemployed, while billions of dollars flow freely to foreign lands for foreign aid.

Meanwhile the job-destroying work of the so-called Reciprocal Trade Act goes on. In industry after industry the ravages of this ill-advised legislation are apparent: in textiles, ceramics, automobiles, bicycles, machine tools, coal, petroleum, plywood, to mention just a few. No section of the country—from southern and New England textiles to southern and west coast plywood, from Michigan's automobiles to Southwest's petroleum, from cotton in

the South to pottery and coal in West Virginia, Pennsylvania, and Ohio—is spared the ill effects of the devastating, inequitable competition from so-called reciprocal trade. From one end of the country to the other, up and down and back and forth, the damage wreaked by inequitable foreign trade lays its heavy, destructive hand over our land.

Mr. President, I know very well that no nation can exist in what is classically termed "splendid isolation." I am well aware that if we expect to sell, we must buy; I fully realize that trade is a two-way street, and that if we are to have customers, we must also stand on the buyer's side of the table. But nowhere is there any requirement that we must continuously and perpetually give ourselves the worst of the bargain. We cannot continue forever to give hundreds of thousands or millions of dollars more than we receive. This is not trade, but is economic suicide.

The fact of the matter is that we are accorded respect as a people only as we command respect in the trading marts. The Old World has an ingrained respect for a good trader; it has only contempt for a "sucker."

When we go open-handed into the world's trade marts and invite exploitation, the prestige of the United States is enormously damaged. People the world over have respect for nations that intelligently safeguard their rights and protect their economic interests. When one attempts to buy friendship, he loses not only his money, but also respect. Economic realism is one of the best weapons with which we can arm ourselves in these days of keen international competition.

The best way to fight communism is to put our own house in order. Unemployment at home is a third front we can ill afford. Unemployment cannot be measured in terms of jobs lost or dollars unearned. The story is by no means completely told by graphs and charts. What graph measures the sorrow and suffering of an unemployed American father? If unemployment is to be measured fully, we must consider what the lack of a job does to the morale of the head of a family—the effect it has on self-respect, and what the children think when they are confronted by want on all sides. To get the whole story of unemployment, one must understand the complete chain reaction on the family of an unemployed man. Then one understands the composite human factors, which are the most important of all.

Mr. President, if I do nothing else here today, I want to destroy the myth that one can make the weak strong by making the strong weak. We do not strengthen the free world by weakening America; on the contrary, we only weaken the whole fabric of free enterprise, and threaten the foundation of the system that has enabled America to destroy powerful enemies.

We best benefit democracies and freedom-loving people everywhere by keeping America strong, and this means economically strong as well as morally and spiritually strong. A flourishing American economy, sparked by full employ-

ment, is the keystone of our system in opposing communism. Chip away from American strength and we take away from free men everywhere. Weaken the keystone to the danger point and the whole structure of the free world will collapse.

I do not know exactly where or at what point the idea gained acceptance that we have to give ourselves the worst of it if we are to conduct trade with other nations. It is a foolish notion. Trade, in its very nature implies mutual advantage. The rules should be set up so that both parties to the contract make out well; otherwise it will not work.

It was never the intention of Secretary of State Cordell Hull, when he authored in 1934 the trade bill, that it should be an instrument destructive of American prosperity and economic stability. On the contrary, as he envisioned it, the trade bill was to be an instrument to bolster American output, create jobs, swell employment, increase national productivity, and bring the benefits of American production efficiency to the far reaches of the earth.

The results are a sorry miscarriage of Secretary Hull's aims and objectives. Somewhere along the line the goal became blurred, the spirit corrupted, the rules changed, and now the program has backfired.

Mr. President, I could go on for a long time citing specific instances of economic abuses to America from this so-called reciprocal trade bill; I could recite at length the harm the act has caused the textile industry in the South; I could tell of how it has crippled the cotton industry in South Carolina—the State which I happen, in part, to represent, a State which has approximately 28 percent of the active cotton spindles in America today—and elsewhere, by allowing to come into the United States a flood of cheap Japanese imports.

Mr. President I could tell of thousands of idle spindles and closed plants and liquidations and men without work with unanswered questions in their eyes and that creeping fear which comes into a man's soul when he is faced with no income to carry out his family obligations.

The fact that there are 5 million unemployed does not give the full and true picture to the people. It will be found that in a great many industries, instead of operating 5 days a week, they are operating only 3 days a week. Instead of running 3 shifts each day, they are operating only 2 shifts each day. It has resulted in decreasing the income of individuals in America.

But I am not basing my opposition to the bill merely on what is happening in

South Carolina, although that is enough to call a halt to this trade folly. Instead, I would like to base my case of opposition to this economic monstrosity in the name of every man, woman, and child of American management and labor who have felt its hurt. I base my opposition, too, on the economically disfranchised Americans who have had the bitter experience of seeing themselves reduced to want through the fruits of their own Government's foreign aid and so-called reciprocal trade giveaways.

Mr. President, the eyes of the country are on us as we consider this vital legislation. Our countrymen ask of us a square deal for America—they ask for economic realism that will rescue the American interest from the bottom of the ladder and place it on the top rung of policymaking where it rightfully belongs. I have every confidence that we will do just that.

The effort to extend the Reciprocal Trade Agreements Act reminds me that we would be placing in the hands of the President of the United States the legal right to out-give Goldfine.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD material relative to the foreign aid giveaway and the reciprocal trade program I have been discussing. The data was prepared by Mr. Paul Peters, editor of the News Bulletin.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Country	Kind of government	Population	Grants and credits to June 30, 1957
Austria.....	Socialist-Labor.....	6,934,000	\$1,018,000,000
Belgium-Luxembourg.....	Social-Christian.....	9,025,000	718,000,000
Denmark.....	Socialist Kingdom.....	4,393,000	281,000,000
Finland.....	Social Democrat.....	4,121,000	70,000,000
France.....	Socialist-Communist.....	43,300,000	6,067,299,000
Western Germany.....	Conservative.....	48,478,000	3,890,000,000
Greece.....	Independent Kingdom.....	7,206,000	1,373,000,000
Italy.....	Socialist-Catholic.....	46,889,000	2,829,000,000
Netherlands.....	Socialist-Labor.....	10,808,576	1,017,000,000
Norway.....	do.....	3,343,000	291,000,000
Spain.....	Benevolent Dictator.....	28,306,000	213,000,000
Sweden.....	Socialist-Labor.....	7,126,000	106,000,000
Turkey.....	Democratic Republic.....	20,935,000	510,000,000
Yugoslavia.....	Communist-dictatorship.....	16,850,000	802,000,000
Czechoslovakia.....	do.....	12,340,000	191,000,000
Poland.....	do.....	24,977,000	418,000,000
East Germany.....	Communist.....	17,313,000	17,000,000
Hungary.....	do.....	9,808,000	11,540,000
U. S. S. R. (Russia).....	do.....	109,279,000	426,000,000
England.....	Conservative-Socialist.....	50,367,741	6,842,000,000
Israel.....	Zionist Republic.....	1,675,000	432,000,000
Saudi Arabia.....	Dictatorship.....	6,500,000	19,789,000
Egypt.....	do.....	20,729,000	72,000,000
Iran.....	Royalist-Constitution.....	19,151,000	301,000,000
SUMMARY			
24 countries.....	Different governments received.....		27,915,628,000

The grants and credits shown for the respective countries listed in this study are exclusive of military grants and credits for NATO and SEATO.

FOREIGN AID HAS BEEN GOING TO COUNTRIES IN ALL PARTS OF THE WORLD THAT HAVE ADOPTED SOCIALISM, COMMUNISM, OR SOME FORM OF DICTATORSHIP

When President Eisenhower persuaded Mr. Eric Johnston, the president of the Motion Picture Export Association of America, a post paying \$125,000 a year salary, to come to Washington and organize sentiment for the continuation of the reciprocal trades agreement program and foreign aid, both of which programs are under scrutiny by the Congress, he invited a new system of lobbying by mass appeal which caused the Chicago Tribune to editorialize on the "degradation of popular Government."

The outcome of a meeting held on Tuesday, February 25, at the Statler Hotel in Washington, D. C., was the forming of a National Citizens Committee for Foreign Aid and later a supplementary organization called the Nonpartisan Committee for International Economic Growth.

In general the appeals to unsuspecting American taxpayers came from parties who have been beneficiaries of the foreign-aid programs of the past 10 years, and, in general, the appeal has been to fight communism and keep it from spreading by helping other countries to maintain their positions in the so-called free world.

The Members of Congress who accept this thesis of helping the free world, need to be informed as to the kinds of governments we have been helping and also the Congress needs to be reminded that there is comparatively little freedom under either socialism, communism, or a dictatorship.

In the table which follows, we present the facts with respect to foreign aid (grants and credits) extended to certain nations to June 30, 1957, and a statement showing the kind of government in these nations:

In a recent study of the economies and governments of several European countries, Mr. Glenn Green, representing Dr. George S. Benson, director of the National Education

Program of Searcy, Ark., reported on comparative wages, work hours and monthly income in European countries as follows:

Country	Industrial wage per hour	Work-week	Monthly income yearly average
		Hours	
Austria.....	\$0.29	48	\$57
Belgium.....	.52	48	98
England.....	.54	48	103
France.....	.35	48	72
German Republic.....	.52	48	89
Italy.....	.32	48	61
Norway.....	.78	48	140
Netherlands.....	.45	48	80
Sweden.....	.89	48	152
Yugoslavia.....	.16	48	32
United States.....	2.10	40	350

This table should be a powerful argument against both foreign aid and the renewal of the Presidential authority to reduce tariffs under the so-called reciprocal trade agreements.

The downtown stores in Washington, D. C., feature many items imported from the countries listed, all of which are produced with labor drawing wages far below the amounts required to maintain the present American standard of living, and it must be recognized that for the most part the grants-in-aid of agricultural commodities to these countries act as subsidies to maintain their present living standards and prevent general dissatisfaction among the people of these nations with their economic conditions and their governments as well.

George Washington's Farewell Address enunciated the best policy for the United States.

Mr. JOHNSTON of South Carolina. Mr. President, not the least important objection to the pending measure is that which concerns its constitutionality. The Constitution of the United States expressly gives to the Congress exclusively the power to lay and collect taxes, duties, imports, and excises. That is a direct quotation from the Constitution, as set forth explicitly in article I, section 8, of the Constitution.

This specific grant of power to the Congress is short circuited by the so-called executive agreement, through which the State Department exercises the authority the Constitution gives to the Congress. Since the 1934 Trade Act, all of the trade pacts made in the name of this country have been treated as executive agreements.

Still another shortcut is employed in executing these agreements: They are not submitted to the Senate for ratification, which is another constitutional requirement. Despite this omission, as a result of court decisions, they are still binding on the Nation.

It is of vital significance that the running mate of this so-called reciprocal trade agreement, the National Recovery Act, which was also rushed on the national scene in 1934 as an emergency measure, was declared unconstitutional by the Supreme Court. There is just as compelling a reason to find the trade legislation unconstitutional as there was in the case of NRA, for if the Congress could not legally delegate its responsibility to the executive department in the one instance, it could not do so in the second.

In the years between 1934 and 1947, the trade pacts executed by the United States were bilateral, as we entered into separate agreements with respective for-

eign nations. This type agreement, those of a bilateral nature, were what was contemplated when the legislation was written. With the end of World War II, however, a big change was effected. Multilateral pacts became highly popular with the State Department which, in 1946, authored a plan for a proposed International Trade Organization embodying a basic general agreement on tariffs and trade. An alert Congress wanted no part of ITO, but in the scramble, GATT, as the framework of the idea was called, got by. Without submission to Congress, GATT was signed by the State Department's Director of International Trade on October 30, 1947, and the administration declared GATT was the agency and authority for United States trade agreements. As a result of this step, America's trade interests are subject to the jurisdiction of an international organization in which the United States has but 1 of 37 possible votes.

The framers of the Constitution never intended any such situation as presently exists. This whole program of so-called reciprocal trade is conducted in defiance and violation of constitutional mandates to the Congress. The American interest in these matters has been seriously subverted with the result that cheaply made foreign goods are flooding our markets, numerous American industries are confronted with inequitable competition, jobs of Americans are being displaced, plants are closing down, liquidations are on the increase, and the general welfare of the country is being seriously damaged by the economic damage caused by these trade agreements. We cannot find one that benefits the United States.

By defiance of the rule of constitutional authority, handed down from the Founding Fathers, by the surrender of the American interests to a foreign, international organization, in the bypassing of the United States Senate, and in the harm done the national welfare, I say this so-called reciprocal trade agreement is unconstitutional, and on this count alone should be emphatically rejected by the Senate.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. BUSH. Mr. President, in opposing the Senate Finance Committee's crippling amendments to H. R. 12591, the proposed Trade Agreements Extension Act, I am not unmindful of the need of strengthening the existing safeguards for domestic industry against import competition which threatens serious injury. I am convinced the proposed legislation does take this matter into account, Mr. President, as I shall explain shortly.

Connecticut is a great manufacturing State, and its industries are the foundation of its prosperity and provide the jobs essential to the maintenance of that prosperity and our economic growth. I would be derelict in my duty as a United States Senator representing in part, the people of my State if I were not fully conscious of my responsibility to help safeguard those industries and the jobs they create for our growing population.

A number of Connecticut industries have been adversely affected by import competition, and I have been seriously

disturbed by their failure to obtain adequate relief under existing procedures available under the present Trade Agreements Act. I have sought to obtain improvements both in the procedures and in their administration.

On January 30 of this year, I announced in the Senate that I would support a 5-year extension of the act because, in my judgment, stability in trade relationships among the free nations is an essential element in our counterattack to the Communist bloc's economic offensive.

At that time, I said that my endorsement of a long-term extension was made in the expectation that the administration would make recommendations for strengthening the peril-point and escape-clause procedures available for the relief of domestic industries facing injurious import competition.

The administration subsequently did make such recommendations and, with some additions, they have been incorporated in the bill as it was passed by the House of Representatives. In my judgment, these improvements in the safeguards available to domestic industries are as far as we should go at the present time, and the drastic amendments proposed by the Finance Committee of the Senate should be rejected.

In the controversy over the Finance Committee's amendments, the improvements in the procedures available to domestic industry in the bill as passed by the House have been generally overlooked. I believe it would be useful at this time to list them for the information of the Senate and of those who read this RECORD.

First. The time for Tariff Commission study of peril-point limitations—the rates of duty below which our negotiators should not go in making concessions to other nations—has been extended from 3 to 6 months—see page 8, lines 9 through 15, in the bill.

Second. The time for Tariff Commission consideration of escape-clause cases has been shortened from 9 to 6 months, thus making possible quicker relief for industries which have suffered injury because of imports—see page 9, lines 9 through 11, of the bill. This, I think, is a very important improvement, because there has been a great deal of discontent and unhappiness about the long delays occasioned in proceedings before the Tariff Commission. I think the proposed legislation, if enacted, should improve the time element involved for the benefit of industries having a good case.

Third. The President can establish duties up to 50 percent on items presently on the free list—see page 9, lines 5 through 22, of the bill.

Fourth. The President can increase duties up to 50 percent over the 1934 tariff rates instead of 50 percent over the much lower 1945 rates—see page 2, lines 1 through 6, of the bill.

Fifth. An automatic escape-clause procedure is established by which the Tariff Commission would immediately start a proceeding in cases where its peril-point studies show that existing rates are inadequate to avoid injury to American procedures.

This new procedure would save many months in providing relief. For this I cite pages 8 and 9 of the bill—lines 16 to 24 on page 8, and lines 1 and 2 on page 9.

Sixth. An automatic procedure is established providing a means for congressional action in escape clause cases where the President has rejected a Tariff Commission recommendation for relief. A two-thirds vote by concurrent resolution with privileged status would put into effect the congressional will. I refer to page 9, line 23, through page 15, line 16. This, of course, is the House provision.

Seventh. The Tariff Commission is given subpoena powers to facilitate and reinforce the effectiveness of its mechanism for the protection of American industries. I refer to page 25, line 21, through page 26, line 20.

Eighth. The national security clause contains improved procedures and standards and leaves the President necessary flexibility to choose the remedy needed to protect the national security. I refer to page 22, line 19, through page 24, line 15, of the bill.

Ninth. The President is called upon to seek information and advice from industry, agriculture and labor during the course of trade agreement negotiations—page 8, lines 1 to 8—and is directed to report annually upon the progress made in removing restrictions that are maintained by other countries upon imports from the United States. I refer to page 7, lines 17 to 25, of the bill.

Tenth. Provision is made that organizations and groups of employees are eligible to file applications for escape-clause action.

I refer to lines 3 through 8 on page 9 of the bill.

Mr. President, in our zeal to protect those industries which may be vulnerable to foreign competition, we must not forget that other industries depend upon the export trade for their prosperity and their ability to provide jobs.

As a great manufacturing State, Connecticut has industries in both categories. The bill as passed by the House strikes a proper balance in providing increased safeguards for those industries which may face injury from imports, while at the same time making possible efforts to expand trade among the free nations. In my judgment, the amendments proposed by the Senate Finance Committee would throttle such efforts and, in the end, have an extremely adverse effect upon employment in my own State and throughout the Nation.

For these reasons, Mr. President, I shall support efforts to restore the bill as nearly as possible to the form in which it was passed by the House.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUSH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, the legislation which is commonly referred to as the reciprocal trade program has been in effect nearly a quarter of a century. I suppose its basic characteristics and the reasons justifying its enactment are well known; and therefore, there is no justification for my occupying the time of the Senate recalling them.

However, under the ritualistic traditions of our democratic process, we are expected to repeat these formulas year after year, or be accused of indifference or neglect of our duty. Surely there is not a single Member of this body who is not familiar with all aspects of this issue. There are certainly few, if any, who have not long since carefully evaluated the impact of this legislation upon the fortunes of their constituents and tried to weigh that impact on the scales of our national interest. It is unlikely this debate will affect the decision which that delicate balancing act has already indicated; nevertheless, once again I am constrained to state that I shall support the basic provisions contained in the trade agreements extension bill of 1958 as passed by the House last month.

In my opinion, those provisions—and I shall list them—are the minimum necessary in the field of trade policy to meet the responsibilities the United States carries by virtue of its position in the free world. If we default in this vital field, we shall have done irreparable damage to our whole position; we shall, in these critical times, have widened breaches which now exist between ourselves and many of our friends and allies; we shall have made more difficult the maintenance of our military alliances, of our political friendships and, indeed, the common goals of prosperity and economic expansion which we all seek. Our trade policy is an integral part of the fabric of our foreign policy. It can no more be separated from our foreign policy than can our mutual defense policy or our foreign-aid policy. These are all parts of the same package; these policies together represent the posture which we present to the world and which is the measure of our fulfillment of the obligations and responsibilities thrust upon us by our leadership role.

The bill presented to the Congress by the administration this year was a modest one, yet it met our requirements. It was in no respect bold and it opened no new ground but it continued a program which had been successfully carried on for some 24 years—a program which had proved its worth during that period, both by its contribution to the expansion of our own economy and the economies of other free countries, and by its contribution to closer and friendlier economic relations among us all.

But through those 24 years there have been momentous events and momentous changes in the world. The world has been cut in half by political and economic division. Our part of that world and our economic system face what is unquestionably the greatest challenge in our history. Policies which we as a Nation support and the actions which we as a Nation take will very heavily influence

the policies and actions of our friends and allies, and must ultimately determine the fate of our free institutions in this struggle with the monolith of communism. Both sides in this struggle have made tremendous gains in recent years in economic expansion and production. The crucial test of the competing economic system will be which is more successful in continuing this expansion. The trade policy the United States adopts this year will play a vital part in that test.

The most immediate and most compelling development in the past year or two in this field of trade policy has been the formation of the European Economic Community. It is this development, together with the new and massive Soviet economic offensive, concentrated toward but not confined to the underdeveloped areas of the world, which established the imperatives for this trade bill this year. As I have indicated, in my opinion these provisions—modest as they were—which the administration sent to the Congress, met these imperatives.

They are:

First. A Trade Agreements Act extension for a period of 5 years;

Second. Tariff-reducing authority of 25 percent during that period;

Third. Full power in the hands of the President for final decisions in escape clause cases.

These provisions substantially meet our needs for reasons which I shall outline, but anything less than these provisions would cripple us. The bill, as it came to the Senate from the House, contained the essentials, but the Finance Committee has turned that bill into a measure which meets in no respect the hard, cold imperatives and, in fact, makes it quite impossible for the United States to conclude any meaningful trade agreements resulting in a reduction of tariffs and other barriers. As approved by the Finance Committee, this bill will probably have the net effect of increasing tariffs.

Let us summarize briefly the imperatives of which I have spoken:

THE EUROPEAN COMMON MARKET

As we all know, 6 Western European countries, having an aggregate population of over 150 million, forming a market for the United States exports in 1957 of over \$3.2 billion, have agreed by treaty, ratified by all the parliaments, to eliminate substantially all tariff and trade barriers among themselves within a period of 12 to 15 years. In the first stage of 4 to 5 years internal tariffs in the community will be reduced by 30 percent. During this period the external tariff, that is the tariff which would apply to the exports of the United States and other nonmember countries, would become the arithmetic average of presently existing tariffs of the six countries. It may readily be seen that at the end of 5 years, should no negotiations on this external tariff take place, goods moving for example from Germany into France would pass over tariffs 30 percent lower than the same goods coming from the United States into France. This would obviously be a heavy competitive handi-

cap for the United States goods and would practically guarantee a material reduction in our exports to the countries of the community. To avoid this competitive disadvantage it is necessary that we be in the position to negotiate downward this common external tariff. To do that we need at least 25 percent tariff-reducing authority. Fifteen percent is simply not enough, and, when one considers the limitations which the Finance Committee has placed upon the utilization of that 15 percent, it becomes practically worthless. Most of the authority would be lost during the 1- to 2-year period necessary to prepare the United States position for negotiations. We would enter negotiations with perhaps 5-percent authority, and we may be sure that in that event there would be no negotiations at all.

What are the practical consequences for us and the free world of an impasse such as that? In the first place we would have to resign ourselves to a steady decline in our exports to the countries of the European Community and to progressive estrangement in our economic relations with that area. It is very clear that the countries of the European Community would regard us as having adopted an unworkable policy and would necessarily look to their own interest in the light of that policy. Inevitably they would be driven to concentrate upon their own internal trade and internal development at the expense of closer trade relations with the United States.

And what of the other countries of the free world—countries which are not members of any regional economic blocs or which have as yet not formed regional blocs? Their external trade is dependent to a large degree upon United States trade policy. We would expect that they would largely take their lead in their relations with the European Community from the United States policy with respect to the community. Many of these countries are prime targets of the Soviet economic offensive. Governments of these countries must in the near future make up their minds whether their national aspirations can be satisfied best by closer relations with the West or with the Soviet Union and its satellites. The decision they make is a critical one in the great contest between the East and the West in economic systems.

We have thus a key role not only in the determination of the kind of policy the European Community will adopt but in the kind of policy the other countries of the free world will support. We are expected by our role of leadership in the West—if not, indeed, by our own self-interest and devotion to the advancement of the cause of free institutions and a nondiscriminatory world multilateral trading system—to demonstrate by concrete policy and action our faith in the superiority of the economic system for which we stand. If the United States does not do this, can anyone expect that countries not long out of colonialism, or that, conversely, countries embarking upon a brave new experiment of economic integration, will provide the initiative and drive to make the world

what we want to make it? Can we, as the world's greatest economic power—as the acknowledged leader of the Western system of government and economic organization—expect to have our values prevail if we ourselves are not prepared to espouse them in a concrete way?

I have spoken of the Soviet economic offensive against the nations of the free world. We no longer have any delusions about the determination and capability of the Soviets to exercise every economic weapon at their command in this offensive.

Some of us may continue to talk in terms of economic direction of resources; some of us may maintain that the Soviets will not honor their commitments in this economic field; that the unsatisfied demands within the Soviet Union and its satellites will compel the Soviet Government to renounce its ambitions in the international economic field and to concentrate its efforts in providing higher standards of living within its own area.

I think that after the evidence of the resources devoted to the sputniks, resources devoted at the expense of the Russian consumer, no sane man can doubt that the Russians will do and are doing precisely what Mr. Khrushchev asserted in his famous declaration of economic war upon us.

Dare we as a nation base our policy on a vain hope that the Russians cannot afford to carry through their economic offensive; that they are not prepared to pay the price in consumer privation that this program would demand?

I say that on the basis of the evidence we have, we dare not. We are all aware of the rapid economic growth that forced investment can produce. We know that a totalitarian state can devote 30 percent, 40 percent of its gross national product to investment purposes and we know that when a country does this, its economic capabilities grow at a pace which our own free system cannot match. It is this enticement which the Soviets dangle before the people of the world whose hopes and aspirations have been frustrated for centuries.

In the years since the Second World War there has been an awakening which has been termed "the revolution of rising expectations" among the people of the underdeveloped areas of the world. These people demand, with an urgency which cannot be forestalled, the concrete prospect of rapid economic growth and rapidly increasing standards of living.

The example of the Soviet Union is preeminent in their eyes. In 40 years the Soviet Union has developed from what was predominantly an agricultural economy into an industrial power challenging the capabilities of the United States itself. It is recognized that this achievement was the result of a system of state investment, consuming up to almost half of the national output each year. The price that the Russian citizen paid for this forced investment is smothered in propaganda disseminated from Moscow. The southeast Asian laborer knows only that an underdeveloped country in 40 years challenged the foremost power in the world. The at-

traction of concrete achievement—to make a profound understatement—is difficult to counter merely by extolling the benefits free institutions, by their nature, are bound to bring.

I am not suggesting for a moment that the maintenance on our part of a liberal trade policy can be a total response to the Soviet economic drive. I am not suggesting that a progressive liberalization of the United States tariff will in itself cause other countries in the free world to cast their lot with us and shun the Soviets. I am suggesting, however, that the kind of trade policy we adopt this year, as part of our total policy of military, economic, and political defense, will have a profound effect upon the direction in which these countries will go. It hardly needs to be said that a trade policy of a kind expressed by the provisions of the trade bill approved by the Finance Committee not only can make no contribution to the achievement of our national objectives but would go far to undercut our prospects for success. The Finance Committee bill contains, in my opinion, the seeds of disaster for all our policies.

This week, the Middle East has burst into flame. I shall not now go into the issues of United States policy, or lack of policy, which permitted conditions in the Middle East to disintegrate to the point of conflagration. Nevertheless, the President has committed our forces in Lebanon and we hourly await events. I know, however, that on the issue before us today in this Chamber the policy in the field of international trade represented by the Finance Committee bill will make no contribution to the solution of our difficulties in the Middle East. Instead, it would compound them. I hesitate to say that a trade bill containing the provisions which I have called essential would contribute massively and directly to the solution of these difficulties, but I am quite convinced that that kind of trade bill, in conjunction with other policies bearing more immediately upon that situation, will make the total package upon which our best hopes must lie.

I have talked about that historic development, the European economic community, and of the critical part our trade policy will play in our relations with that community and with the individual countries which comprise it. I have spoken of the underdeveloped countries and of their needs and aspirations for economic growth. Without going into the major problems which these countries have with respect to fluctuating commodity prices shifting demands and markets, problems of rapid investment and industrialization, I shall merely say that the kind of trade policy which would allow stable and expanding markets in the United States for products of these countries is one of the direct ways we can contribute to the fulfillment of their needs. The Finance Committee bill cannot do this.

I have listed three provisions which I regard as essential in any adequate trade bill this year—a 5-year period of duration; 25 percent tariff-reducing

authority; and retention by the President of full discretion in escape clause cases. The committee bill contains none of these provisions. It is a step backward at a time when even to stand still means to go back.

Mr. President, I have been discussing the trade program from the standpoint of our national interest. I shall now mention briefly my own State's interest in the world market. Arkansas is primarily an agricultural State. Our strongest link with the trade program is through foreign sales of our agricultural products. Sales of Arkansas manufactured products abroad are also a significant part of our economic well being. The Arkansas economy, as well as the Nation's economy, is inextricably woven into the foreign trade program. My people have a vested interest in keeping the reciprocal trade program functioning effectively.

It has been estimated that from agricultural exports alone the proportionate share is about \$525 for each person in Arkansas who is engaged in agriculture. Arkansas' total proportionate share of the Nation's exports of agricultural products in the 1956-57 marketing year was more than \$190 million. The continuation of a strong export market is vital to the economic life of Arkansas farmers. For example, we now export three-fifths of our total cotton production and more than four-fifths of our rice production. The Arkansas cotton industry's share of these exports is more than \$120 million. Our Nation is struggling to retain this valuable export market for our cotton, but we cannot if the trade program is emasculated. Arkansas' proportion of the rice exports amounts to nearly \$53 million. Much of this rice goes to countries such as Cuba, where we need their agricultural products in return. My State also has strong interests in the exports of other agricultural products such as soybeans, livestock, dairy products, and fruits. If these foreign markets are curtailed by trade restrictions, the economy of Arkansas will face a bleak future. Our farm economy is far from healthy, and further restrictions in the trade program could spell the death blow for many farmers.

Mr. President, my State of Arkansas is also a manufacturing State. The reciprocal trade agreements extension legislation is vital to our interests.

The largest manufacturing industry in my State is lumber and wood products. More than 25 percent of the State's manufacturing labor force is found within this vital industry. This industry alone contributed some \$5,200,000 in exports in 1956.

The second largest manufacturing group in Arkansas in terms of employment is the food and kindred products industries. This industry employs around 13,000 people in my State, and the proportionate share of income derived from exports allocated to my State is approximately \$25 million.

Others engaged in the manufacturing of apparel, chemicals, pulp, and paper within my State are greatly affected by foreign trade.

Mr. President, we in Arkansas have made great progress in many fields. We are proud of our industrial progress, and we realize the value of foreign trade to our manufacturing interests.

Without the benefit of foreign trade, manufacturing industries would suffer severely. Not only do we enjoy great returns from exports but many industries within my State depend on imports for their survival. As an example, the basic raw material for our great aluminum industry is largely imported; without it we would have to find substitutes for the many products of daily use and of importance to industry in which aluminum plays a part.

Thus, from the standpoint of both imports and exports, the economic welfare of the manufacturing industries of my State are at stake in this legislation.

I ask my colleagues to weigh carefully the issue before us and to see it in the light that I have suggested—as an integral part of the total policy by which we hope to maintain a unified and secure free world.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BENNETT. Mr. President, I ask unanimous consent that the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

A NEW APPROACH TO TRADE POLICY

Mr. BENNETT. Mr. President, of all the amendments we in the Senate Finance Committee made to H. R. 12591, the one that will probably receive the least attention may prove in the end to be the most important. I refer to the amendment offered by the Senator from Vermont [Mr. FLANDERS], which creates a Commission to study current foreign trade problems, and suggests a number of important and specific problems for the Commission to consider. No matter what changes the Senate may make in the bill, I hope this amendment will survive intact and become part of the law.

As we of the Finance Committee heard witnesses and studied the bill, it became increasingly clear to me that we must find a new approach to international trade. Because this present program is 24 years old, we tend to think of it as permanent. Instead, it has been merely the latest of several programs that have been followed since our National Government was first formed. One by one, these other programs failed and had to be abandoned. I think this one is fast becoming exhausted and sterile, and must be replaced with one that more nearly fits our current world position.

Looking back, we can see the earlier changes very clearly. The Revolutionary War itself, which brought us political freedom, had its beginnings in resentment of a trade policy forced on the American Colonies by the mother country. It was the imposition of import excises that inspired the cry "no taxation without representation." It was the Boston Tea Party which led first to the battles of Lexington and

Concord, and then on through fearful years to Yorktown and independence.

Still, when the new Government began to operate, it turned to these same import taxes as its main source of Federal revenue. Its internal economy was weak. Ninety percent of its people were farmers. Its leaders were preoccupied with the task of pushing its frontier ever to the West, and had neither the need nor the incentive to build domestic urban industry. They looked first to foreign sources for both capital and merchandise. The new nation rapidly provided an ever-growing market for European traders, and its modest tariffs were no barrier.

In those early days, our country lay along the eastern seaboard, and foreign trade was the basis of the economy of both the North and South. The New Englanders, with their great shipping fleet, became world traders and our first capitalists. The South produced our great exportable commodity, and cotton was king.

Then gradually, as the frontier moved farther and farther west, home industry began to develop behind the frontier to supply its insatiable demands. For generations, the great political issue was whether there should be tariff for revenue only or tariff for protection. In the last half of the 19th century, tariff for protection became the basis of our foreign trade policy.

The stage for the next big change was set by World War I. Not only did it force us back into international affairs, but it helped produce the depression of the 1930's. When our internal economy faltered, we turned again to foreign trading as one way to restore its vigor and its volume. Out of this need, the present reciprocal trade policy was created. Its chief objective was to increase our exports by making imports easier through lowered tariffs.

Then World War II came and ended and brought still another change. We emerged from that war as the only major nation whose land and industrial capacity escaped damage or destruction, possessing both the greatest store of capital in the free world and the free world's richest market. The war also brought into the open the real objective of Communism, which is to destroy all forms of the private capital economy including private trading, foreign and domestic, and to replace it with economic as well as political dictatorship. In these circumstances, which we call the cold war, the United States has been thrust into a position of leadership, almost trusteeship, for the preservation of freedom.

Obviously, if we are to succeed in this, we must strengthen by mutual trade the economic ties that bind the other free nations together and to us. It is equally obvious that the Russians will work on the same nations, through their need of trade, to try to lure them into the Communist orbit and slavery.

Facing this challenge, our course to date has been clear; and we have followed it with courage. On the one hand, we have been providing capital for other

nations, through grants and loans, and have been making disproportionate contributions to mutual security. On the other hand, we have striven to foster international trade, by trying to make it easier for our friends to have a share in our own rich and vast market.

What has not been so clear to us is that the war-born inflation that has been, and is still, forcing American wages and prices higher, has also greatly widened the gap between foreign costs and ours.

This is making it increasingly difficult for more and more American industries to hold their own, even in our domestic markets. At the same time, more and more American exports are being priced out of the markets of the other free-world countries. Thus, our domestic economy is fast becoming a butte of high prices, a high plateau, towering almost alone above the lower plain of world prices.

This situation would be serious at any time; but our position of world leadership gives it almost transcendent importance. How can we participate in international trade, outbid the Russians in their economic cold war, and still preserve our own economy at a high level and in full strength and vigor? Does the present reciprocal-trade program provide a sound basis for the future? Or must we seek a new program, based on today's world conditions, rather than on the international stagnation produced by the depression of the thirties?

It is obvious to me that the old structure is already cracking under the strain.

In the first place, more and more of our American products are being priced out of the export market. Our continuing inflation is partly responsible for this. Our very generosity in helping other nations build or rebuild their own industries has created many new competitors who have modern equipment and low-cost labor. For many American industries the flow of international commerce is rapidly being reversed. At war's end, they could sell abroad all that our foreign friends could buy. The reciprocal-trade program was supported as a program to increase imports, in order to sustain this golden stream of exports. Then, in the second step, these foreign markets were taken over by foreign producers. Now, in the inevitable third phase, the foreign producers are taking over an ever-increasing share of the American market. When this occurs, the loss of volume is not the only damage. Prices, like water, tend to seek the lowest level; and low prices for a small share of the total volume of the commodities produced by an industry can pull down the prices of the rest of the commodities produced by that industry.

A second result has been an increasing movement of American capital to foreign industry. Again, at first this was necessary and desirable in order to help start industrial production abroad. Now it is well into its second phase; and American capital is finding that it must go abroad if it wishes to produce for the world market. The third phase, in which American capital abroad is being used to

produce goods at low cost for sale in the American market, is only beginning.

Thus, the flow of trade has been reversed. Goods once produced in America for export, are now being produced abroad, often with American capital, and become American imports. The famous "dollar gap" has been closed, and the motivating argument for "reciprocal trade" has largely disappeared. Instead of arguing that we need to strengthen our imports in order to protect the market for our exports, we now realize that we need to strengthen our exports in order that they can find a market.

Faced with this problem, we have begun to use a dangerous remedy—direct Government subsidies—and to use it on two fronts. In order to keep our high-cost agricultural products active in low-cost world markets, we are subsidizing their export. This only deepens the problem—as we are learning, to our sorrow, in the case of cotton. When foreign textile manufacturers can add the cost advantage of subsidized American cotton to their already low cost of labor, they can cut into our markets with a two-edged sword. And at home, when an unprotected domestic industry which is essential to national defense feels the weight of low-cost foreign imports, we have begun to shore it up with direct subsidy.

Direct subsidies such as these seem at first to be cheap solutions to international problems created by the wide differences in cost; but this is an illusion which can work only for a few industries, and only for a short time. The demand for subsidy can soon spread far enough to overwhelm us, and might eventually bankrupt the whole economy. Living as we do, on this plateau, high above the price levels of the rest of the world, we cannot permit foreign competition to wash the plateau out from under us, and then hope to keep ourselves suspended at the former high level by the bootstraps of subsidy or the winds of continuously accelerating inflation. That way lies madness and economic disaster.

There is still another weakness in the present program: If we stick to it too long, we shall be putting our faith in a program of shrinking value and power. We started, in 1934, from a level of fairly high tariffs; and then we had a strong trading position, with many "blue chips." After 24 years, most of these have been traded off. On many products most attractive to our friends, the maximum allowable cuts have already been made; and offers of further yearly cuts of 5 percent from existing levels represent little more than 1 percent of the original tariff. Obviously, these can have little or no trading value.

Another phase of the sterility of the present program is revealed by the general ineffectiveness of the present escape-clause procedures. Even when one industry succeeds in invoking them successfully for its own protection, this can be secured only by making concessions abroad which will involve an equal sacrifice for another of our exported products. A country which suffers from such escape-clause action will gradually

impose compensating increase in the duty on another of our products. Regardless of any change which we may make in this bill, by which Congress can intervene in the final decision, such compensating sacrifice will still be required. The more we stiffen the bill, the more we deepen the sacrifice. It is no wonder that the President tries to avoid the use of the escape-clause, and tries to find other solutions for the problem presented by an injured industry.

For these reasons, among others, I am beginning to believe that in the future we shall not be able to build a sound foreign-trade program by extending indefinitely the present reciprocal-trade program. At the same time, I am already convinced that our situation would be worse if we tried to return to a policy of protection based on higher tariffs and quotas.

In our early days, while we were still a relatively underdeveloped country, and were building our own capital and industry, a system of tariff protection was normal and necessary. To return to such a system today would insulate our economy from low-cost imports, but would do so at the price of weakening our international leadership of the free world, and greatly restricting our power to counter Russia's economic moves in the cold war.

Moreover, any tariff program would fall with unequal weight on each of our many friends. Schedules high enough to equalize our costs with those in the less developed economies would tend to build an insurmountable barrier against imports from high-cost countries. If we lowered the tariff wall for the latter trade partners, the cheapest goods would come into our country, to injure both them and us.

If the present program is sterile, and if a return to protective tariffs is unwise, then where are we to turn? I repeat that we need a new approach, one which will permit us to do the following five things:

First. To carry our responsibility as political and economic leader and trustee of freedom in a free world.

Second. To preserve the dynamic vitality and orderly growth of our own economy.

Third. To be an active and fruitful participant in international trade as an exporter, as well as an importer.

Fourth. To continue to help our foreign friends develop their economic potential, without permanently continuing our direct foreign grants and loans.

Fifth. To be able to outbid and outmaneuver the Communists in their economic phase of the cold war.

In my opinion, we have no such program in sight today. We must create and implement one as fast as we can. To that end, the proposal for a commission, as contained in the pending bill, is vital, and in my opinion, should be enacted into law.

At the same time we cannot allow the present program to die and leave a policy vacuum. It must be extended to protect our opportunity to replace it with a better one if one can be found. For this reason, I will support the bill now,

but in the hope that the next time we shall be considering a completely new program and not extending the old one again.

Up until now I have been developing the problem and the weaknesses of the present program. Obviously, I have no full fledged new system to propose to take its place. But any review such as I have made is bound to suggest possible alternatives, and I should like to point out some for the consideration of Senators now and for the study by the Commission later, if one is to be appointed.

My first observation is that it would be ideal if international trade could be conducted on an approximately equal price level. So long as the present difference exists, natural pressures will operate toward such equalization. The foreign countries are anxious to bring their standards of living and prices up toward ours. We, in turn, must again become realistically interested in resuming what was once the traditional American practice of passing improvements in production on to the consumer in the form of lower prices for better products. In our present national frame of mind, that will be hard to start, and any real gains will be slow to develop. To do it effectively we must turn back to the ideas of our pioneer fathers—work harder and save more for investment in new tools, and keep wage and salary increases from continuing to run ahead of increases in productivity. For too many of us this will be a difficult choice to make.

We know this will be difficult. Generally it will be easier for us to be helpful in the other phase of the equalizing process—to help our friends raise their level toward ours. We have already accepted that goal as a people and backed it with our money. Now we need to find a way to cut down on loans and gifts and help other nations to earn their own capital and build their own industries, as we did. We must find a way to make "trade, not aid" a rewarding reality for ourselves as well as for them.

How can we do this without sacrificing our own standard of living? Maybe the hope lies in many complete reversals of our present thinking, and maybe we can plan to deal with our imported purchases from the rest of the free world at our higher price level instead of their lower one. By preserving our own plateau, we may be better able to help them build toward it.

If all imports came in on a basis that made them competitive with our own American products on a basis of practical equality—considering style characteristics and quality—the American producers would have no complaint. They have all said this over and over again. I am sure they would not object to an even greater importation of foreign goods than now exists. If the price competition were on an effectively equal basis. To say it another way, if the foreign producers would do business in our country at our price levels, we could safely have free trade.

But such a program must be as desirable and profitable to other nations as to ourselves. How can we make it so?

Certainly not by raising traditional tariff barriers to eliminate the differences in cost or absorb them. But if the value represented by raising their prices to ours could accrue to them as a national benefit, instead of coming to us, would not that be attractive? This could be done by revising our traditional thinking on tariffs. Instead of applying tariffs to be added to their low prices, we could devise a system of import duties to be applied downward from our higher costs, calculating the amount necessary to make up the difference. At the same time, we should make it clear that our purpose is to leave this difference in value open to the selling nation, and we would encourage the country of origin to apply an export tax on sales to us, high enough to absorb this difference. Instead of being a tax we impose for the privilege of trading with us, it would produce additional revenue for the seller—to be used as a part of the income of his government, or left as local private capital to improve local wage scales or expand needed facilities. This would truly be an American version of "trade, not aid" and could replace some, if not all, of the funds we may now be supplying through direct tax-paid grants or loans.

Would not this program be difficult to operate? Not any more so than our present tariff program administered by our customs officers. Instead of tariff lists, they might have lists of prices upon which to calculate the duty, if any, as they do now. My own feeling is that there would be few duties actually imposed, and our customs procedure would become largely one of routine checking.

How would that list of prices be arrived at? We already have the machinery and the experience in the Tariff Commission. I care not by what name the new figures would be called, but the process by which they would be produced already exists to determine the peril point of any product under the present law. The only difference under the new law would be the level at which the point would be set. The process for determining it would be much the same. To start with, and in any event, free goods would continue to be free. The importer of other goods would be perfectly safe in matching the price for a standard related product of American consumption. But if he felt that his product would not sell fairly at that price, he should be given the privilege of an appeal to the Commission, asking them to set an import or peril point below the American price at which the competitive status of both foreign and domestic products would be comparatively and practically equal. The finding of the Commission with respect to this price point would be final, and thereafter it would be the basic point for tariff determination, if any. Of course, this point would not be set permanently. When market conditions made it too low for domestic producers or too high for the importers, either could petition for a new hearing.

When we talk of a peril point, we naturally think of stating it in dollars because that is the way the present peril point is stated. But in the proposed situation, it could well be stated in terms

of percentage of the current market price. In the case of some products where there is no difference in quality and no value in a brand name, the import point could probably be 100 percent of the American market. In case of other products as to which we might expect some natural preferences for goods of American manufacture, it probably could be less than 100 percent.

Using a peril point stated in percentage has the advantage of flexibility. In the case of commodities like wool, of which we need both American and foreign production, adjustments in the percentage could be used to maintain the satisfactory balance between the total foreign and domestic products, and thus do the work of quotas.

If the use of the percentage basis seemed desirable, we could probably start the program off without too many Commission hearings. The American industry involved could submit a typical price schedule, and all foreign importers might be given a flat discount of say 5 percent. This discount could be allowed to stand for 6 months or 1 year, during which competitive experience could be obtained, on the basis of which either the importer or the domestic industry could appeal to the Commission for an adjustment.

I realize that some products are brought in by importers to be sold at wholesale and others may come in to be sold directly at retail. If the program were based on percentage of price, then this could either be applied to the retail price of goods imported for retail sale, or the necessary adjustment could be made by changes in the antidumping law. This whole program should have the tendency to emphasize quality rather than low price in the foreign merchandise that comes into the American market.

If this program were adopted, it might even be possible to simplify our customs procedure almost to the limit. We could issue revokable licenses to importers and allow them to accept shipments on their sworn certificates that the merchandise was being sold at or above the import peril point. This would expedite handling of merchandise through customs, and, then, if later by a postaudit it was discovered that the certificate was false, the license of the importer could be suspended or revoked and the importer made subject to the usual criminal penalties for false statements to Government officials under oath.

I have thought about the problems this would create for American tourists who now have the privilege of bringing a certain quantity of goods into this country by paying a certain duty. The present limits need not be changed, and duty over the limits could be assessed either at a fixed percentage, regardless of the country of origin, or at a varying percentage with a lesser rate of duty on purchases made in those countries with high standards of living and a greater rate added for other countries where prices might be expected to be substantially lower than in our own markets.

What would this program cost and who would pay for it? The only real

and immediate cost we can measure would be the potential loss of present tariff revenues, about \$760.3 million in 1957. But when the program began to take hold, the potential increase in prices to the consumer should be offset by a balancing reduction in the cost to the taxpayer for foreign aid, as well as by increased domestic revenue created by a revival of confidence in the stability of American business. Businessmen could plan for the future again and the flight of American taxpaying manufacturers to foreign countries would be slowed down.

At this point it might be argued that this program would raise the American cost of living by raising the price level to the American consumer. To the extent that he now buys lower-cost foreign imports, this would be true. But this would be truly inconsequential. The present value of imports not on the free list is approximately \$6.9 billion, which is only 1.6 percent of our gross national product. Assuming that the differential between foreign and domestic prices is 25 percent, to wipe that out would still only affect the total domestic price volume by approximately 0.4 percent. During the past 2 or 3 years we have seen the American price level rise that much month after month because of inflation.

When could such a program be set in motion? If the ideas involved in it have any value, they need to be studied by some such official body as the Commission proposed in this bill, as well as by governments abroad. There are many problems to be worked out which only men experienced in foreign trade can anticipate, and for which only they can suggest solutions. Here at home the responsibility of the Tariff Commission might have to be redefined. Perhaps its name should be changed. The effects of such a program on the antidumping law and customs laws and procedures need careful scrutiny. In international circles it would require a reappraisal of the GATT and of the European common-market plans now being developed, or at least our reaction to it.

In offering these ideas today, I do it entirely on my own personal responsibility. They have not been discussed with any administrative department. Only 1 or 2 of my colleagues in the Senate know I have been working on it. If these ideas are worthy of serious consideration, I shall be happy. If they suggest other and better ideas, they will have been worthwhile.

In summary, I close as I began. I am sure that at this time we must extend the present law, but I am equally convinced that current world conditions have made it inadequate for the needs of our own country and those of our friends in the free world. We must find a new program and find it fast—if we are to achieve our five-fold objective:

First. World leadership.

Second. A dynamic expanding domestic economy.

Third. A fruitful partnership in world trade.

Fourth. Aid to other countries for their self-development.

Fifth. Victory for the cause of freedom in the economic phase of the cold war.

To do all this, we need a vigorous new approach to our foreign-trade policy. The best way to find it is through the Flanders Commission. I hope the provision for the commission will be adopted without change and that the commission will go into action soon.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. BENNETT. I am happy to yield.

Mr. FLANDERS. Mr. President, while I have not heard the entire speech of the Senator from Utah, I have concluded from the portion which I have heard that the Senate has had a rare privilege. The Senate has had the privilege of listening to a new idea, which has in it a great deal of hope for the solution of many difficulties.

I congratulate the Senator. I congratulate the Senate. I congratulate the administration, which has such a difficult and practically impossible task before it. I trust it will be possible for the proposed commission to give a really hard, earnest, and constructive look at the proposals of the Senator from Utah.

Mr. BENNETT. Mr. President, I appreciate what my friend, the Senator from Vermont [Mr. FLANDERS] says. To this commission I have presumed to attach the Senator's name, because in the Committee on Finance he was the author of the amendment which provides for it. I am very happy that the Senator sees some merit in the suggestions I have made, at least prospectively.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. BENNETT. I am happy to yield to my friend from Kansas.

Mr. CARLSON. I should like to pay 2 tributes at this time to 2 distinguished members of the Senate Committee on Finance.

First, I wish to pay tribute to the Senator from Utah [Mr. BENNETT] who is not only a very able member of the Senate Committee on Finance, but a member with whom it is a great privilege to serve. The Senator has brought to the attention of the Senate and of the country what may be called a new approach to our international trade problems. Those of us who have lived with those problems for many years understand their complicated aspects. I had the privilege of serving in the House Committee on Ways and Means in the 1930's, when we wrestled with these questions. I was a member of that committee during the second extension of the act. The act has been extended 10 times.

I realize some of the problems confronting the Nation, and I am also aware of what we have been doing in recent years. The Senator from Utah suggested that we have traded away most of the advantages we can now expect to receive in trade agreements. In fact, the good, the advantageous trades have been made in the past. Now we shall have to look at this matter seriously from another angle.

I commend the Senator from Utah, and I again say we are fortunate to

have the benefit of his knowledge, ability, and hard work, for it requires much hard work to produce a plan such as he has suggested.

Second, if the Senator will permit, I should like to pay tribute to the Senator from Vermont [Mr. FLANDERS]. It has been a pleasure to have the Senator as a member of the committee and to serve with him. I serve on the committee as a very junior member. When the record is written, as the Senator from Vermont is concluding his service in the Senate this year, I think one of the most important features of his work in the Congress and in the Senate of the United States will be shown to be the amendment proposed in committee by him, which is a part of the bill presently under consideration, which proposes to create a study commission. I sincerely hope that aspect of the bill will be finally approved. I think the Senator from Utah put it very well when he said if nothing else was left in the bill, he hoped there would be left in it the provision for the study commission. With that statement I am in thorough accord.

The proposed study commission is the brainchild of the Senator from Vermont. He not only presented it very ably to the committee, but he drafted it well that it was unanimously approved.

I agree with the Senator from Utah. We need a study of this matter and we need it badly. I am greatly concerned about problems growing out of international trade policies which will affect this Nation in the future.

To both Senators I say we are indebted, the Members of the Senate, the members of the Committee on Finance, and the citizens of the United States are indebted.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. BENNETT. I am happy to yield to the Senator from Connecticut.

Mr. BUSH. Mr. President, I should like to associate myself with the remarks of my distinguished friend from Kansas [Mr. CARLSON] both as to what he had to say about the able Senator from Vermont [Mr. FLANDERS] and what he had to say about the distinguished Senator from Utah [Mr. BENNETT].

I wish particularly to congratulate the Senator from Utah upon having brought forth before the Senate today what I think is an entirely new idea—at least it is new to me—in dealing with the very complicated problem of international trade and what our policy in connection with it should be. I think it is one of the knottiest problems we have before us in our whole scheme of economic affairs. The Senator from Utah is certainly to be congratulated for giving the Senate some constructive and entirely new thoughts in this very important area.

The Senator is always very thoughtful and constructive in dealing with economic affairs. In the past week he has delivered two addresses before the Senate respecting our fiscal and economic affairs, with particular emphasis on the dangers of inflation and with particular respect to the hearings conducted by the Senate Finance Committee. He has

made an exceedingly interesting one-man summary and report on those very important hearings.

In the reports which he has made—and I understand there is still another to come—I believe he has contributed some material to our economic thinking which will be of great interest to all students of our economic problems, and particularly those which have to do with the part the Government should play in connection with the control of inflation, in connection with the Federal Reserve System, and in connection with the money market, as well as in connection with our Government financing problems and all the related subjects which he has discussed in the very able analyses which he is placing before the Senate.

I think we are very fortunate to have on the Finance Committee a man who will take the great time and trouble necessary to study these important subjects in detail, and in the constructive manner in which the able Senator from Utah has studied them.

Mr. BENNETT. Mr. President, I appreciate the very kind remarks of my colleague. They constitute high praise and high pay.

Mr. President, I yield the floor.

Mr. CLARK. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Pennsylvania will be stated.

The LEGISLATIVE CLERK. On page 1, it is proposed to strike out lines 5 to 9, inclusive, and insert in lieu thereof the following:

SEC. 2. Section 2 (c), as amended and extended, of the act entitled "An act to amend the Tariff Act of 1930," approved June 12, 1934, as amended (19 U. S. C., sec. 1352 (c)), is hereby repealed.

Mr. CLARK. Mr. President, this amendment proposes to strike that section of the permanent law which sets an expiration date 3 years in the future. It would also repeal that section of the act which sets the present expiration date.

The effect of this amendment, if adopted, would be to extend the Reciprocal Trade Agreements Act for an indefinite period.

I submit that the statement of any fixed termination date in the pending bill, or in the basic act, is both unwise and unnecessary. I shall elaborate briefly on that point in a moment, but first let me turn, equally briefly, to my reasons for supporting the bill in the general form in which it came from the House of Representatives, and for opposing the crippling amendments which have been imposed by the Senate Finance Committee.

A few minutes ago the distinguished Senator from Arkansas [Mr. FULBRIGHT] said something to the effect that the ritualistic formulas of our democratic process require the annual repetition of the obvious. I heartily concur in that statement. Members of the Senate have been defending the Reciprocal Trade Agreements Act ever since 1934, when it was first proposed by that great for-

mer Member of the Senate and Secretary of State, Cordell Hull.

The reasons why Secretary Hull's policy is still sound, and why conditions, which might have changed in the interim, have not required any significant change in that policy, have been so well stated by so many of my colleagues, notably the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Illinois [Mr. DOUGLAS], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from New York [Mr. JAVITS], that I will not repeat what they have said.

The national security, the overwhelming consumer interest, the desirability of preventing inflation, the desire to decrease the cost of living, the need to expand our export industries and further to develop our ports, including the important Pennsylvania port of Philadelphia and the soon-to-be-important Pennsylvania port of Erie, which will have access within the next year to deep-water seaway traffic, the needs of our Pennsylvania economy, in which so many industries are dependent upon exports for their prosperity, the necessities of international trade, and the desire to raise the standard of living all over the world are only a few of the major reasons why this sound program should be indefinitely continued.

Perhaps another striking reason is the utter inability of Congress, as demonstrated by history, to cope successfully with the interminable details of a tariff bill, the latest example being the Smoot-Hawley bill of infamy.

A tariff commission, plus subsidy programs, oil quotas, and the like, can certainly take care of all serious hardship cases. Therefore I have no hesitancy in saying that I shall support without reservation an effort to remold the bill more closely to the form in which it came to the Senate from the House of Representatives.

Let me now return to some reasons for wishing to make the act permanent.

First, this debate has already clearly demonstrated the fact that any expiration date that is set is almost completely arbitrary. The administration recommended 5 years and the House adopted that recommendation. The Senate Finance Committee has chosen 3 years; the distinguished Senator from South Carolina [Mr. THURMOND] has filed an amendment recommending 2. Others among us have stated that they preferred an extension for greater or lesser periods of time. While I would prefer the 5-year extension over the other proposals, I cannot, in all candor, say that I see any weighty arguments in favor of any time period.

I submit that it is time to eliminate any such time period from the bill. I feel confident that the committee members who voted for a 3-year extension will admit that there is nothing which compels one to the conclusion that that period is the wisest and best. Is this really anything more than a dignified version of the numbers game? I think not.

Second, look to the past and the same conclusion seems inescapable. Congress,

in its wisdom, has extended the Reciprocal Trade Act nine times; in 1937, 1940, 1943, 1945, 1949, 1951, 1953, 1954 and 1955 for periods of time varying from 1 to 4 years in length. Can it honestly be stated by the advocate of any set period of extension that past experience with a like period of extension has proved its inherent superiority over shorter or longer periods of extension? I think not.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. CLARK. I am happy to yield to the distinguished Senator from Kansas.

Mr. CARLSON. I was checking the list as the Senator enumerated the various extensions. I am not sure whether his list included 1948, when the act was extended for 1 year. I have a list of the extensions before me. I am sure that if the Senator did not have that year on his list, he should include it.

Mr. CLARK. I am very grateful to my friend from Kansas for pointing out the inadvertent omission in my list. I am happy to accept the Senator's amendment of it.

Third, the time and expense consumed in these periodical extensions are well known. The tortuous course of the present bill is typical. The House hearings started on February 17 and concluded on March 25. About 200 witnesses were heard and statements and written material introduced into the record totaled almost 3,000 pages. Senate hearings covered 11 days, during which time 90 witnesses were heard and statements were submitted by about 150 other persons or groups.

Mr. President, I hold in my hand two bulky and heavy volumes representing only the Senate hearings. In all candor—and I hope I am not doing an injustice to my colleagues—I wonder how many of my colleagues have read all the hearings. I confess I have not. I am not particularly ashamed of myself for not doing so, because of obligations in other fields for which there is particular responsibility by reason of service on various committees. This heavy weight of paper has chained and bowed many a tameless Senator and many a swift and proud Representative without perceptibly contributing to his wisdom or to the final decision in either branch of Congress.

As can be seen from an examination of the hearings which are now printed and before us, the Senate hearings cover 2 volumes totaling 1,500 pages. The cost in terms of congressional, Presidential, and administrative time spent in obtaining these repeated renewals of a policy which is now firmly embedded in our law represents a waste of manpower to our Government which cannot be stated in statistics.

Fourth, the doubt and uncertainty created in the international community by these periodic upheavals are unquestionably magnified by the existence of a set termination date. On June 20, 1958, the Secretary of State, John Foster Dulles, appeared before the Senate Committee on Finance and gave a prepared statement on H. R. 12591. In that statement, which I had printed in full in the

RECORD for July 2, 1958, starting at page 11729, the Secretary stated as follows:

On each of the 10 times that the Trade Agreements Act has come before the United States Congress for renewal, there has been a period of uneasiness and concern among our friends throughout the free world. Because the United States is the ranking supplier or consumer of so many commodities, its trade policy is a matter of vital interest to the overall economy of many countries. The question of whether the United States is going to continue to buy a given country's products so as to enable that country to accumulate dollar exchange with which to buy needed supplies for the well-being of its own people is often nearly a life and death proposition.

This anxiety on the part of friendly countries is clearly something that acts to our material detriment. Our representatives in international trade agreement negotiations are constantly faced with the argument by foreign representatives that the assurances which they give must be discounted because of the known possibility of expiration of the act at a fixed future date.

When I was in Italy last fall the Italian Government was already in a condition of great uncertainty and concern about what would happen to our reciprocal trade policy. It was feared that if we did not renew the Reciprocal Trade Agreements Act, and renew it in substantially its present form, before the Italian election—which took place only a month or two ago—the result would be extremely adverse to the friends of freedom, and would give the Communist Party in that country a great lift.

Fortunately, the event turned out otherwise. The Christian Democratic Party in Italy was able to muster sufficient votes in the Italian Legislature to form a government. However, the Communists and Socialists were also successful in increasing their representation. Who knows what effect the fear that America would turn its back on Italy so far as trade was concerned had in that particular election. I cannot assert that it was significant. However, important members of the Italian Government told me last fall that it was a matter which caused them a great deal of concern.

Mr. President, any provision in the act which sets a terminal date of 1 year, 3 years, or 5 years is completely obsolete in the modern world. It is high time that we in Congress realize that such a provision is obsolete, and make the act a part of our permanent foreign and domestic policy.

The argument has been made that the delegation to the President of a power reposed in Congress by the Constitution is unconstitutional. I have heard that argument made on the floor of the Senate earlier today. I do not believe that anyone will take seriously the argument that the act first passed in 1934 will now be held unconstitutional.

I hold in my hand the brilliant brief filed by the Department of Justice in the United States Customs Court in the case of Star-Kist Foods, Inc., against the United States, in which a detailed legal argument in support of the constitutionality of the delegation of powers to the President in the Reciprocal Trade Agree-

ments Act is spelled out in such convincing form. I shall not do more than make passing reference to it at this time.

Furthermore, there are several earlier cases in the Supreme Court of the United States which clearly indicate that the act is constitutional, and those cases are set forth in the brief to which I have referred. In none of them is the temporary nature of the delegation of authority asserted to support constitutionality.

It will be suggested that even if the delegation of power by the Congress to the President in this regard is constitutional, it is nonetheless unwise. Mr. President, I submit that in instance after instance there has been a greater delegation of power by Congress to quasi-independent administrative agencies of the Government and, indeed, to the executive branch of the Government, without that argument having been successfully made.

In the modern world we in Congress must face more and more the fact that the detailed supervision of legislative enactments, which was feasible and possible in the good old horse and buggy days of the early 19th century, and indeed practical until shortly after the turn of this century, is no longer an effective tool of modern government in this fast-moving world. Congress is best served when it holds tight control of the purse strings and gives careful supervision over the administrative actions of the executive department, but does not attempt to legislate for itself in any detail in any particular field, but, rather, confines itself to laying down broad general policy.

In that connection I might mention, in passing, the Interstate Commerce Commission, the Federal Trade Commission, and the Federal Power Commission as a few of the administrative agencies which, like the Tariff Commission in the present act, have had delegated to them, frequently with the supervision of the President, the power to carry out the details of a general policy established by Congress.

Mr. President, the adoption of this amendment will not in any way mean that Congress has given up its traditional control over trade and tariff policies. Such control will remain fully intact and will continue, without change, as it has during the past 24 years.

It is my contention, however, that until such time as a majority of Congress can be summoned to reverse a well established and eminently sound policy, we should not be plagued every few years, as we have been this year, nor should our friends abroad be plagued every few years, with such an enormous waste of executive and legislative talent and such uncertainty as to the policy and position of the United States of America in international affairs.

I therefore urge upon the Senate, without much hope that the request will fall on friendly ears, the amendment I have offered.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. CLARK. I am happy to yield.

Mr. CARLSON. I wish to comment on the amendment which the Senator from Pennsylvania has offered. He has

made a very good case for what might be called a permanent extension of the Reciprocal Trade Agreements Act. I think I can discuss the question very fairly with him, because in committee I supported the 5-year extension. The committee, however, saw fit to report a 3-year extension.

I suggest that the Senator from Pennsylvania and the junior Senator from Kansas also give some consideration to the provision which is in the House bill, for a study of the entire international trade program. I think that we who have been working with the problem in committee for several years sincerely believe that we had better take another look at the whole picture. It might well be that if a commission is created, an opportunity will be afforded to give Congress and the country a report on what course of action we should follow in respect to this subject matter for the next few years.

I have the personal feeling that we cannot at this time do anything but to extend the act. I should like to extend it for 5 years in view of the coming into being of the European Economic Community. I think that is the next important trade field and, in my opinion, this Nation cannot afford to be outside that picture.

But to extend the act permanently, as the Senator from Illinois has suggested, is a matter to which we should give serious thought. I suggest that serious consideration be given to creating a commission, a commission which I hope will make a comprehensive study for Congress and will really establish fundamental principles for the future development of foreign trade.

Mr. CLARK. I am most interested in the comments of the Senator from Kansas, particularly in his view, which was also expressed so ably by the distinguished Senator from Illinois [Mr. DOUGLAS] yesterday, and which has been evidenced by the illustrative chart which may be seen on the floor of the Senate, that there is need to have at least a 5-year extension in order that we may deal adequately with the European Trade Community, which is about to come into being.

So far as a commission is concerned, I have no strong views about that, one way or the other. But I shall ask the Senator from Kansas whether we have not had commission after commission studying this problem ever since he and I can remember; and whether an excellent report was not submitted by the so-called Randall Commission about a year or two ago.

Mr. CARLSON. Some very excellent studies have been made; but I feel very seriously that we need to take another look. When we begin to deal with tariffs, we immediately raise the question whether tariffs can be touched. In 1934 some changes were made. We now have had 24 years' experience. It might be well if the Commission, which would be composed of 3 members to be appointed by the President, 4 Members of the Senate, and 4 Members of the House of Representatives, were really to take a seri-

ous look at the international trade picture.

When I shall obtain the floor, I shall speak in favor of the 5-year extension, based on the same evidence as that offered by the Senator from Illinois.

I think the next serious problem to confront the country will be the European Economic Community. But, at the same time, I think we should take a serious look at the picture, to see where we are headed.

Mr. CLARK. I am not in any particular disagreement with the Senator from Kansas. It may well be that the Commission which he recommends is a good idea. But I think that both the House and Senate, in addition to the Randall Commission, seem to take a pretty serious look at the matter every time it comes before them. But it may well be that we should have the benefit of another study by a commission. I am far from being opposed to the particular suggestion of the Senator from Kansas.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. DOUGLAS. First, I congratulate the Senator from Pennsylvania for the very able statement he has made. I am greatly pleased that he did not adopt an apologetic attitude toward reciprocal trade. All too often the administration, while ostensibly viewing the extension of reciprocal trade with favor, has not done so wholeheartedly, but has made concessions so as to materially impair the usefulness of the act.

If the trumpet give an uncertain sound, who shall prepare himself for the battle?

I am glad the Senator from Pennsylvania has sounded a clear note concerning the worthwhileness of the reciprocal trade program.

Mr. CLARK. I am happy to have that comment from the Senator from Illinois because, as a relatively new Member of the Senate, I have been perhaps a little brasher than I should have been in feeling that on several occasions, with respect to several matters, this distinguished body was well behind the thinking of the country and was perhaps not ready to exercise the type of sound, wise leadership which the Founding Fathers had in mind.

It has therefore been a source of some disappointment to me to see the initiative taken, in measure after measure, by colleagues of mine, distinguished as they are and personal friends of mine as they are, who, in my judgment, represent an age which has passed, instead of a world which is thronging before.

I feel, therefore, that we who think of ourselves as constitutional liberals, having some appreciation of the requirements of the second half of the 20th century, have a special obligation to state our case as often and as aggressively as we can in the Senate, in the effort to bring the thinking of this body up to date with what seems to us to be the thinking of the outside world.

Mr. DOUGLAS. I raise this further question with the Senator from Pennsylvania. The Senator from Kansas [Mr. CARLSON] has pointed with pride to the provision for a commission to investigate

reciprocal trade. The terms of that investigation are set forth on page 30 and 31 of the bill in some 8 standards.

Would not the Senator from Pennsylvania agree that the eight standards which have been specifically chosen are standards which throw the burden of proof upon the proponents of reciprocal trade to prove that it has been a good thing, and that, on the whole, they stress those items which the opponents of reciprocal trade are most zealous in advancing?

Mr. CLARK. I am in complete accord with the statement of the Senator from Illinois, to whose brilliant speech on this matter on the floor of the Senate yesterday I had the opportunity to listen, at least in part.

I think the standards to which he refers, and which have been inserted in the bill by the Committee on Finance, go very far toward emasculating the bill, making it absolutely unworkable, and turning it into a protectionist instead of a reciprocal trade measure.

Mr. DOUGLAS. If a commission is to be created, should not the commission study the advantages to consumers and exporting industries, and the foreign relations program in general, instead of discussing the number of labor hours lost in industries whose products have been affected by imports?

Mr. CLARK. I have the feeling that the Senator from Kansas and the Senator from Illinois might be able to get together on a statement of what the commission should consider, so that the sky would be the limit, and that Marquis of Queensbury rules would be established to permit the commission to examine into anything which is relevant to the subject of foreign trade, international relations, and the domestic economy.

I did not mean to indicate that I think the eight provisions having to do with standards will emasculate the bill. They do not. They may very well make it difficult for the commission to have the broad scope which I think would be desirable if the commission is to be created.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. CARLSON. We who were in the committee when the amendment was proposed by the Senator from Vermont [Mr. FLANDERS] made several suggestions and additions. So far as I am concerned, the sky is the limit. In fact, I will be greatly disappointed if the Commission does not cover the entire field in determining the best policy for trade between this Nation and other nations. I believe we must face the issue squarely.

Mr. CLARK. Mr. President, I suggest the absence of a quorum.

Mr. CARLSON. Mr. President, will the Senator from Pennsylvania withhold that suggestion?

Mr. CLARK. I am happy to do so, at the request of my friend, the Senator from Kansas.

Mr. CARLSON. If there is no objection, I should like to proceed at this time. I seek recognition, and I do not care to have a quorum call, unless some other Senator who is to speak at about this time wishes to have a quorum call.

Mr. CLARK. I had hoped we would soon be able to reach a vote on my amendment. Perhaps that is an illusory hope; but I thought perhaps we could have a quorum call at this time, and then could see about obtaining a vote on the amendment.

Mr. CARLSON. Before the amendment is voted on, I wish to address the Senate.

Mr. CLARK. Then, Mr. President, I shall be happy to withhold the suggestion of the absence of a quorum; and I yield the floor to my friend, the Senator from Kansas.

Mr. CARLSON. Mr. President, I desire to take advantage of this opportunity to discuss, for at least a few minutes, our international trade program and some of our policies, as I view them.

Many of the political and economic beliefs which were valid at one time must be reviewed on the basis of present-day conditions. That point was the cause of the brief colloquy I had a few minutes ago with the Senator from Pennsylvania [Mr. CLARK], in regard to an amendment which provides for a commission to study our international trade program. Mr. President, it seems to me to be particularly true that our international trade and tariff policies must also be reviewed, keeping in mind present-day conditions.

Today, we are the largest creditor nation in the world; and our tariff policy should reflect that fact. It is an interesting historic fact that the last 40 years, in which there have been the greatest economic growth and prosperity here at home, have closely paralleled the times when we were the most liberal in making foreign loans and giving foreign grants. Whenever during these 40 years we have raised our tariffs or reduced the amounts of our foreign loans and foreign grants, we have had a decline in production, a decline in employment, and a decline in prosperity in our own Nation.

The Senate Finance Committee held hearings for several days on the pending bill, and approved several amendments to the bill as it was passed by the House of Representatives. The bill as reported to the Senate by the Senate Finance Committee contains a number of amendments which I do not wish to support. I shall discuss briefly some of my reasons for being opposed to several of those amendments.

First, I wish to discuss the provision regarding the length of the proposed extension of the act.

For many months we have been devoting our attention to the administration's bill for extension of the Reciprocal Trade Agreements Act. We have carefully studied the arguments pro and con, in an earnest effort to decide upon a course of action best for our country in these times when it seems that each day brings problems which are new and strange.

During the prolonged debate, which from time to time has become emotional, it has occurred to me that one phase of the issue, although ignored, has not received the attention its importance merits.

The European Common Market came into legal existence on January 1 of this year. The very concept of an agreement

by six European nations upon a plan of such magnitude, reaching many years into the future, and involving sacrifices of one kind or another on the part of each signatory, is almost incredible to most Americans who have seen the quarrels and disagreements among most of these nations serve as constant irritants and preventives to an amicable agreement of any kind. In the July issue of its monthly report on business and economic conditions, the First National City Bank of New York uses the word "incredible" in reporting on developments within the Common Market. It states that a generation ago it would have seemed incredible that continental European countries would give up protection for their own industries, and would embark on a far-reaching program of trade liberalization and economic unification. Mr. President, those of us who have had an opportunity to visit Europe and to know personally some of the people in those countries can well appreciate the difficulties they have had in trying to reach agreement on the European Common Market or the European Common Economic Community. I should like to quote from two paragraphs of that compelling report.

In referring to this evidence of forward thinking among these European nations, the article states:

Since World War II there has been an awakening to the fact that nationalistic restrictions waste productive resources and, indeed, are earmarks of economic weakness. One of the secrets of American prosperity is the breadth of our market, which provides extensive opportunities for realizing the economies of large-scale production and distribution and for placing industries where natural advantages are greatest. The EEC is an attempt to create the same kind of market by the removal of customs barriers and the coordination of economic policies.

The six—

The reference is to Italy, France, the Federal Republic of Germany, Holland, Belgium, and Luxembourg—

have agreed to sacrifice some measure of independence to gain these benefits. This perhaps could never have been accomplished in the absence of the threat to Communist empire in the East. The unprovoked attack on Korea in 1950 accelerated European integration, as did the closing of the Suez Canal in 1956. The unexampled resurgence of Western Germany under free-market policies provided a working model for progress through individual initiative.

To me, a most significant fact becomes glaringly obvious, although I do not recall hearing it mentioned during these months of earnest and intense efforts to solve the problem of tariffs and the position of the United States regarding them. Difficult thought it may be to face, in view of our natural pride in our own country, to me this is a clear indication that these European nations have modernized their concepts and their thinking to a degree which We Americans might well emulate. Indeed, the progress of the European common market has resulted in capturing the imagination of the rest of the world, and no longer is a United States of Europe considered beyond the realm of possibility.

There is no more compelling reason for extending the Reciprocal Trade

Agreements Act for 5 years than the progress of the European Economic Community. I have heard some of my colleagues lightly dismiss the 5-year extension proposal with a comment that whether the extension is for 5 years or 3 years makes no difference. Mr. President, I believe it is possible to demonstrate the fallacy of such a view. Certainly the Soviet military and economic threats to the peace of the world need no comment upon the floor of the United States Senate on this dark day in the Middle East. But the following undeniable facts lend substance to the economic threat of the Soviet Union:

The Soviet rate of economic growth is about 10 percent a year. The economic growth of the United States is 4 percent. Soviet-bloc economic assistance, in the form of long-term loans at low-interest rates, to the least developed countries went from zero, in 1954, to \$1.6 billion, in 1957. This is no haphazard development. It is a carefully considered and carefully applied Soviet policy. So is the development of Soviet-bloc trade, which has risen from \$1.8 billion in 1954 to \$3.2 billion in 1957. Its purpose is political. Its object is Communist political domination. I do not believe that we, as a Nation, can afford to enact a bill dealing with this problem without keeping in mind those facts.

Mr. President, with those grim facts in mind, let us consider further the European Common Market and the vital need of a 5-year extension of the Reciprocal Trade Agreements Act if we are to challenge the Soviet economic threat.

Let us consider the procedure involved and the timetable. They will demonstrate beyond the shadow of a doubt that the necessary tariff negotiations between the United States and the European Common Market cannot be concluded within 3 years.

First, there must be a time-consuming examination of the entire problem by the Government of the United States. This examination of proposed external tariff will begin in the latter part of 1959. The external tariff will begin to have an effect on January 1, 1962. From July 1958 to June of 1959 would be consumed in reaching an agreement to hold negotiations. From July 1959 to June 1960 we would receive and analyze the proposed external tariff and begin preparations for negotiations. The period from July 1960 to June 1961 would see the inauguration of United States and European preparations and negotiations. Between July of 1961 and June of 1962 the negotiations would continue and, we hope, be completed. Thus it is easily seen that these tariff negotiations involving potent new economic factors could not possibly be completed before January 1962, which is 3½ years from the expiration of the present act. That, however, is a very optimistic prediction. A more realistic prophecy would set the completion date back to June of 1962. Thus it is quickly seen that it is impossible to negotiate tariff agreements with the European common market within a period of 3 years.

To refer again to the report of the First National City Bank of New York,

even France, with all her current internal problems, is acting in good faith to honor her international obligations in connection with the ECC. Recognizing that constitutional reform is necessary to create a strong government and sustain monetary and fiscal discipline, General de Gaulle has been given the task.

The report quotes Paul Henri Spaak, former Prime Minister of Belgium and now Director-General of NATO, as wisely saying—

No one can imagine all the difficulties involved in creating a new Europe. But without it, in 30 years' time our continent would become one of the free world's backward areas.

To me it is inconceivable that the United States should stand alone and aloof, thus relinquishing its acknowledged responsibility of leadership of the free world.

There is every reason why the United States must assume a realistic attitude in this time of crisis. In my opinion, we should extend the Reciprocal Trade Agreements Act for at least 5 years, and the President of the United States should have the necessary 25-percent authority.

When the House of Representatives gave its overwhelming approval to this proposed legislation virtually every leading newspaper of the United States greeted the vote with enthusiasm. Civic organizations all over our country hailed the House action as an indication that the United States had at last reached its maturity.

All over the world intelligent people are watching us today. The United States must not step backward to a trade policy which brought economic chaos to the entire world a quarter of a century ago.

KERR AMENDMENT

Mr. President, another phase of the pending legislation which I wish to discuss briefly is the Kerr amendment, which was adopted by the Senate Finance Committee by a vote of 8 to 7.

As one of those who opposed this amendment in committee, I feel that I should discuss the effects of the amendment as I understand it.

After considering the House-passed provisions relating to the escape-clause procedure, our Finance Committee deleted the section of the bill which, if adopted by the Congress, would have provided that a Tariff Commission recommendation could be overridden by the adoption of a concurrent resolution by a two-thirds vote of both houses.

The Kerr amendment provides that the Tariff Commission's recommendation will become effective unless a disapproval by the President is confirmed by a majority vote of the Congress. It also provides that in the case of a tie vote by the Tariff Commission as to injury, the affirmative findings will be considered the findings of the Commission. In the event of conflicting recommendations by the Tariff Commission as to remedy, the recommendation which in the opinion of the President provided the greatest relief to the industry would prevail.

In my opinion, this amendment is not only the most damaging amendment to the reciprocal trade agreements pro-

gram, but, frankly, I believe it is unworkable.

The Kerr amendment changes the entire basis of the trade agreements program by delegating to the Tariff Commission authority to set tariff rates in escape clause cases and in making that authority final except when the President is able—and I stress the word "able"—to obtain a majority vote in both Houses of Congress to uphold his position.

The Kerr amendment is so written that it does not require the majority of the Tariff Commission to provide an increase in the tariff. It states that when there is a tie vote, or a 3 to 3 decision, that action must be regarded as affirming an increase in the tariff.

Should the President, who is given great authority under the Reciprocal Trade Agreements Act passed in 1934, disagree with the divided vote of the Tariff Commission, or the majority of the Tariff Commission, he would have to appeal to Congress and ask it, by a majority vote, to uphold his views.

Under these circumstances, it is possible for three members of the Tariff Commission to put into effect a ruling increasing tariffs against the will of the President and against the will of one House of Congress.

I cannot believe that the Congress of the United States, which, under the Constitution, was given the power to fix tariff rates, wants to make it possible for the House of Representatives or the Senate of the United States, singly, plus three tariff commissioners, to overrule the President in an important policy field.

Someone has said that this suggestion sounds fantastic, and frankly, I agree with that position.

In my opinion, the Kerr amendment, if adopted, would clearly invite a flood of applications to the Tariff Commission for tariff increases which, from a legislative standpoint, might become even more than burdensome.

It is true that there have been but few applications to the Tariff Commission for study and recommendation based on the existing peril point, and only in a few of these cases has action been taken to give relief to injured industries through the escape clause.

I do not believe it takes a clairvoyant to see that under the proposal in the Kerr amendment, not only the Tariff Commission, but the Congress, would be required to spend most of its time adjusting tariff rates and making final determination on strictly tariff problems.

It is only natural that the industries concerned would immediately apply directly to the Congress. We may be sure that in a very few years the Congress would be inundated with applications which had failed to qualify for a finding of injury by the Tariff Commission.

If we want to get back to the logrolling in tariff legislation which took place in the early thirties, all we have to do is to adopt the Kerr amendment.

I expect to discuss other phases of this bill as we proceed with the debate on other amendments. At the present time I yield the floor, and suggest the absence of a quorum.

Mr. CLARK. Mr. President, will the Senator withhold his request?

Mr. CARLSON. I am happy to withhold the request. Mr. President, I withdraw the suggestion of the absence of a quorum.

Mr. CLARK. Mr. President—

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. CLARK. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without losing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Pennsylvania?

Mr. JOHNSON of Texas. Mr. President, reserving the right to object, what was the Senator's request?

Mr. CLARK. I asked unanimous consent that I might suggest the absence of a quorum without losing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered.

Mr. CLARK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Green	McNamara
Allott	Hayden	Monroney
Beall	Hennings	Morse
Bennett	Hickenlooper	Morton
Bible	Hill	Mundt
Bricker	Hoblitzell	Neuberger
Bush	Holland	O'Mahoney
Butler	Hruska	Pastore
Byrd	Humphrey	Payne
Capehart	Ives	Potter
Carlson	Jackson	Proxmire
Carroll	Javits	Purtell
Case, N. J.	Jenner	Revercomb
Case, S. Dak.	Johnson, Tex.	Robertson
Chavez	Johnston, S. C.	Russell
Church	Jordan	Saltonstall
Clark	Kefauver	Schoeppel
Cooper	Kennedy	Smathers
Cotton	Kerr	Smith, Maine
Curtis	Knowland	Smith, N. J.
Dirksen	Kuchel	Sparkman
Douglas	Langer	Stennis
Dworshak	Lausche	Symington
Eastland	Long	Talmadge
Ellender	Magnuson	Thurmond
Ervin	Malone	Thye
Flanders	Mansfield	Watkins
Frear	Martin, Iowa	Wiley
Fulbright	Martin, Pa.	Williams
Goldwater	McClellan	

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. GORE], the Senator from Montana [Mr. MURRAY], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from New Hampshire [Mr. BRIDGES], and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

The PRESIDING OFFICER. A quorum is not present.

Mr. JOHNSON of Texas. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. BEALL, Mr. BRICKER, Mr. CAPEHART, Mr. CARROLL, Mr. CASE of New Jersey, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. COTTON, Mr. CURTIS, Mr. DIRKSEN, Mr. EASTLAND, Mr. ELLENDER, Mr. FULBRIGHT, Mr. GOLDWATER, Mr. GREEN, Mr. HAYDEN, Mr. HENNING, Mr. HOBLITZELL, Mr. HRUSKA, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. KEFAUVER, Mr. KERR, Mr. KUCHEL, Mr. LANGER, Mr. LAUSCHE, Mr. MAGNUSON, Mr. MALONE, Mr. MANSFIELD, Mr. MCCLELLAN, Mr. McNAMARA, Mr. MORSE, Mr. MUNDT, Mr. NEUBERGER, Mr. O'MAHONEY, Mr. PURTELL, Mr. REVERCOMB, Mr. ROBERTSON, Mr. SALTONSTALL, Mr. SCHOEPEL, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. STENNIS, Mr. SYMINGTON, Mr. THYE, Mr. WATKINS, Mr. WILEY, and Mr. WILLIAMS entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

Mr. CLARK. Mr. President, on my amendment to make the Reciprocal Trade Act permanent, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CLARK. Mr. President, I shall detain the Senate only a minute and a half, because I have already placed in the RECORD, in detail in the speech I made an hour ago, my reasons in support of the amendment.

Basically, there are two reasons why, in my judgment, the Reciprocal Trade Agreements Act should be made permanent. First, the periodic consideration of its renewal entails an enormous waste of time, brainpower, and effort with respect to what is now a national, well-established policy. Second, as a matter of implementing foreign policy, it is necessary for the President, restricted to some extent by the Tariff Commission, to have the authority to negotiate these agreements, without fear that every 2 or 3 years Congress will automatically review the program, and may well not continue it.

That is all I have to say on the amendment. I hope we may have a prompt vote.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. CLARK]. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. GORE], the Senator from Montana [Mr. MURRAY], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that if present and voting, the Senator from Montana [Mr. MURRAY] would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from New Hampshire [Mr. BRIDGES], and the Senator from North Dakota [Mr. YOUNG] are detained on of-

ficial business. If present and voting, each of them would vote "nay."

The result was announced—yeas 4, nays 85, as follows:

YEAS—4

Clark	Humphrey	Neuberger
Douglas		

NAYS—85

Aiken	Hayden	Monroney
Allott	Hennings	Morse
Beall	Hickenlooper	Morton
Bennett	Hill	Mundt
Bible	Hoblitzell	O'Mahoney
Bricker	Holland	Pastore
Bush	Hruska	Payne
Butler	Ives	Potter
Byrd	Jackson	Proxmire
Capehart	Javits	Purtell
Carlson	Jenner	Revercomb
Carroll	Johnson, Tex.	Robertson
Case, N. J.	Johnston, S. C.	Russell
Case, S. Dak.	Jordan	Saltonstall
Chavez	Kefauver	Schoeppel
Church	Kennedy	Smathers
Cooper	Kerr	Smith, Maine
Cotton	Knowland	Smith, N. J.
Curtis	Kuchel	Sparkman
Dirksen	Langer	Stennis
Dworshak	Lausche	Symington
Eastland	Long	Talmadge
Ellender	Magnuson	Thurmond
Ervin	Malone	Thye
Flanders	Mansfield	Watkins
Frear	Martin, Iowa	Wiley
Fulbright	Martin, Pa.	Williams
Goldwater	McClellan	
Green	McNamara	

NOT VOTING—7

Anderson	Gore	Young
Barrett	Murray	
Bridges	Yarborough	

So Mr. CLARK's amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. KNOWLAND. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Texas.

The motion to lay on the table was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 4229) for the relief of Continental Hosiery Mills, Inc., of Henderson, N. C., successor to Continental Hosiery Co., of Henderson, N. C.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 9147) to provide for the disposal of certain Federal property in the Boulder City area, to provide assistance in the establishment of a municipality incorporated under the laws of Nevada, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ENGLE, Mr. ASPINALL, Mr. BARING, Mr. RHODES of Arizona, and Mr. HOSMER were appointed managers on the part of the House at the conference.

SUPREME COURT JURISDICTION

Mr. JENNER. Mr. President—

The PRESIDING OFFICER. The Senator from Indiana.

Mr. JENNER. On Monday, July 7, the President of the United States sent a special message to Congress asking us to pass legislation immediately to undo the latest havoc wrought by the United States Supreme Court. Only 2 weeks earlier the Court had handed down decisions which limited the traditional authority of the Secretary of State to issue passports. As a result of these decisions, Communist conspirators are being dispatched abroad on treasonous errands. The President said:

I wish to emphasize the urgency of the legislation I have recommended. Each day and week that passes without it exposes us to great danger.

A year, almost to the day, before Mr. Eisenhower submitted this message, his then Attorney General came before us personally to support a bill which, in his own words, was "intended to correct a grave emergency in law enforcement which has resulted from the decision of the Supreme Court in Jencks against United States."

The Jencks decision, as every Senator knows, was the decision in which the Court offered to the Communist labor leader, Clinton Jencks, virtually unlimited access to FBI files concerning his activities. The Jencks decision was only 10 days old when Attorney General Brownell made the statement quoted above, but the proof of the "grave emergency in law enforcement" which that opinion created already was pouring into the Department of Justice. Because of the Jencks decision, criminal action against dope peddlers had been abandoned by the Department. Because of the Jencks decision, attorneys for convicted kidnapers were bringing action that promised to set these kidnapers free. And, of course, Communist leaders everywhere were rejoicing at the new opportunities which the decision offered to them.

At about the same time that Attorney General Brownell was telling Congress about the evil effects of the Jencks decision, Assistant Attorney General Warren Olney was telling the Washington Evening Star about the effects of the Mallory decision, under which the Supreme Court had freed a self-confessed rapist. Mr. Olney said that as a result of this, a great many very serious crimes will go unpunished. He added that the Supreme Court of the United States will not listen to the truth.

Let me summarize these statements regarding the Supreme Court, which have come to us from the very top of the executive branch of our Government. The Assistant Attorney General tells us that a great many very serious crimes will go unpunished because of a Court which will not listen to the truth. The Attorney General tells us that the Court has created a grave emergency in law enforcement. The President, himself, urges emergency legislation to correct a situation caused by the Court because, each day and week that passes without it exposes us to great danger.

Clearly, the administration thinks it right and proper to seek legislative relief from Supreme Court decisions which impinge on the executive branch. But

when an effort was made to get legislative relief from Court decisions impinging on the legislative branch and abridging the rights of the State, the administration jumped in to oppose it.

There was a law passed within a matter of days, to overcome the grave emergency created by the finding in the Jencks case. To take care of the problems raised by the Mallory decision, the House has passed a bill which is now before the Judiciary Committee of the Senate.

The PRESIDING OFFICER (Mr. MORSE in the Chair). The Senator from Indiana will suspend.

Mr. JENNER. I can talk louder than those who are conversing.

The PRESIDING OFFICER. But the Chair is not going to let the Senator from Indiana do so.

Mr. JENNER. Very well.

The PRESIDING OFFICER. The Senator from Indiana will suspend. The Senate will come to order. Senators who wish to converse will retire to the cloakrooms.

The Senator from Indiana may proceed.

Mr. JENNER. Mr. President, I was saying that in order to take care of the problems raised by the Mallory decision, the House has passed a bill, which is now before the Judiciary Committee of the Senate. Hearings were had on it today. Action has already begun in response to the President's request for new passport legislation.

But, nothing whatever is being done about Senate bill 2646, as amended, since it was reported favorably to this body on May 15, 1958, by a 10-to-5 vote of the Judiciary Committee.

It is on the Senate Calendar. It is pending now. It has been for 2 months. We are concerned about the executive department. We are concerned about the Communists in the Middle East. But no one seems to give a damn about communism here, and how it affects the legislative branch of the Government.

Eugene Dennis, who went to jail for advocating the violent overthrow of this Government, publicly rejoiced because the decisions from which S. 2646 seeks to provide relief gave unprecedented new opportunities to the Communist Party, U. S. A.

The new opportunities noted by Dennis are easily recalled. In the Konigsberg case, the Court opened the way for underground Reds to become officers of State courts. In Cole against Young, it helped Communists to swarm back onto the Federal payroll. In Watkins, Sacher, Sweezy and other contempt matters, it bestowed its blessing on those who seek to defy, disrupt, and destroy congressional and State legislative investigations of the Red underground. In Slochower, it helped Communists to return to the faculties of tax-supported schools. In Yates, Schneiderman, and others, it sprung prison gates on behalf of Red conspirators, demolished pending prosecutions, and—in the words of one Federal judge—"made a shambles of the Smith Act." In Nelson, it rendered unenforceable the antisedition laws of 42 States, Alaska, and Hawaii.

During the Court's present term, it has continued to shower new opportunities on the Communist conspiracy. In the Nowak case, it said there was no proof that a Communist Party official knew that the party advocated violence, although he had been an educational director for the party and had attended secret meetings and talked of the need for "bullets instead of ballots." In Speiser and Prince, it forced a county and municipality of California to grant property tax exemptions to claimants who refused to swear that they did not advocate the overthrow of the United States Government. In the Kent and Briehl and Dayton cases, as I have already noted, it stripped the Secretary of State of the power to prevent underground Communists from going abroad to give aid and comfort to the Communist conspiracy against the United States. In the Dayton case the Court expressly said that to refuse a passport because granting it would be contrary to the national interest was to refuse it for an "impermissible reason." And in the second Yates case, the Court arrogated to itself the pardon power, and used it to free from jail a woman Communist who had been convicted for contempt of court, after her behavior had caused an American judge to declare she was "the most coldly defiant and wholly contemptuous witness I have ever seen in more than 30 years at the bar and on the bench."

I wish to emphasize the importance of this last opinion. It was a clearly unlawful seizure of power masquerading under the law. The Court did not set aside the conviction of this woman. It did not say she was not guilty. It simply seized the pardoning power, which it does not possess under the Constitution, and ordered the woman's release because it decided she had served long enough.

Against this background of reckless misconduct on the part of the United States Supreme Court, S. 2646 is a very mild corrective indeed. In spite of all the propaganda and publicity about the bill, and the misstatements and misunderstandings, it would be very mild corrective legislation. And in view of the recurring pleas of the executive branch for prompt relief when the Court has invaded its sphere, the executive opposition to S. 2646 sounds most unconvincing.

But what has become of S. 2646? It was the subject of 10 days of hearings. The record of those hearings is filled not only with testimony of witnesses, but also with newspaper editorials and letters from citizens all over the United States, who were unable to come to Washington.

The original bill was amended after full discussion by the members of the Judiciary Committee. At the conclusion of their deliberations on May 15, the members of the committee voted 10 to 5 to report the bill to the Senate floor.

What has happened to S. 2646 since then? Why did we spend so many days in the hearing room? Why were the opinions of so many citizens solicited and put into the RECORD? Why did we spend so much time perfecting amendments to the bill? Who has thwarted the recommendations of the Judiciary Com-

mittee, concurred in by the 10 Senators of both parties who voted to bring this bill to the floor? What becomes of senatorial procedure, when the action of one of the Senate's most important committees can be set aside and ignored as if it were simply the indiscretion of a handful of small boys?

It is said the bill has been pigeonholed for political reasons. It is said the majority leadership fears the Democrats in this body might split over this issue. If that means the leadership thinks a number of Democratic Senators would vote for this bill, if given the chance, I think that is correct. I believe a great many of them would. And I am sorry to say I believe some Republicans might vote against it. But that would be an individual decision in each case. However, the stifling of this bill through the power of the majority policy committee is a party decision, for which the Democratic Party will be held responsible by the people of the country. The blame for this will have to be shared even by those Democratic Senators who would vote for the bill if their party did not keep them from having any chance to vote on it at all. This is curious conduct.

Now, let me consider once more the curious conduct of the Supreme Court itself. In my many declarations regarding the Court's conduct, I have dwelt at some length on what it said in the numerous opinions which demolished America's defenses and gave the Communist Party so many new opportunities in our own country. I am not talking about the Middle East; I am talking about America. But I have finally concluded that perhaps the most significant aspect of the Court's conduct, is not what it has said, but what it has not said. The Warren Court has not recognized the existence of a worldwide Communist conspiracy against the American people in a single one of its many decisions which have lavished on that conspiracy its new opportunities. Not since Mr. Chief Justice Vinson's decision in the Dennis case has the Court adverted to the conspiratorial nature of the Communist Party, U. S. A.

Is there anyone left who is innocent enough to believe that this is wholly accidental? Is there anyone left who is innocent enough to believe that the Court has not suppressed mention of this conspiracy, for some deeply obscure reason, which it has not yet chosen, and may never choose, to reveal?

I have lost my own innocence in this regard. A year ago, when I introduced the original version of S. 2646, I said:

The principal error is that the majority of the Supreme Court of the United States does not understand the nature of the Communist conspiracy.

The Senator from Missouri had a good deal of fun with that statement when he appeared to testify against the bill. He said:

The Justices on the Supreme Court understand equally well both the nature and the objectives of this conspiracy.

In response to that statement by the Senator from Missouri, I undertook to paint a picture of the conspiracy. I put

into the record overwhelming battalions of facts describing it, which had been assembled from all over the world. These facts showed that the conspiracy had been in continuing existence since the Bolshevik Revolution of 1917. They showed that the governments of Great Britain, Canada, Australia, Mexico, Uruguay, China, and the Philippine Islands had all officially recognized and taken action against the conspiracy. They showed that the conspiracy was a seamless web, with its center in Moscow and its circumference in the Communist parties of the free world. They showed that all three branches of the Government of the United States had repeatedly recognized the existence of the conspiracy and repeatedly found that the Communist Party, U. S. A., was an integral part thereof.

I put into the RECORD excerpts from an opinion of the late Supreme Court Justice Robert H. Jackson, which "turned an all revealing light on the nature of the red animal." It is necessary to read Justice Jackson's words again:

The Communist Party alone among American parties past or present is dominated and controlled by a foreign government. It is a satrap party which, to the threat of civil disorder, adds the threat of betrayal into alien hands.

In each country where the Communists have seized control, they have so denationalized its foreign policy as to make it a satellite and vassal of the Soviet Union and enforced a domestic policy in complete conformity with the Soviet pattern, tolerating no deviation in deference to any people's separate history, tradition, or national interests. * * *

The American Communists have imported the totalitarian organization's disciplines and techniques, notwithstanding the fact that this country offers them and other discontented elements a way to peaceful revolution by ballot.

Every member of the Communist Party is an agent to execute the Communist program.

Individuals who assume such obligations are chargeable, on ordinary conspiracy principles, with responsibility for the participation in all that makes up the party's program.

There is certainly sufficient evidence that all members owe allegiance to every detail of the Communist Party program and have assumed a duty actively to help execute it so that Congress could, on familiar conspiracy principles, charge each member with responsibility for the goals and means of the party.

The Senator from Missouri tells us that the Warren Court knows not only the nature, but also the objectives of the 40-year-old Communist world conspiracy against freedom. He tells us, then, that the Warren Court knows the conspiracy is, and always has been, dominated from Moscow. He tells us, then, that the Warren Court knows the Communist Party, U. S. A., is, and always has been, a part of the conspiracy. He tells us, then, that the Warren Court knows that "Every member of the Communist Party is an agent to execute the Communist program," and "individuals who assume such obligations are chargeable, on ordinary conspiracy principles, with responsibility for and participation in all that makes up the party's program."

Today, I wholly agree with the Senator from Missouri. I wholly agree that the United States Supreme Court knows all these things. The Court is not composed of totally illiterate persons, and we may not assume the Justices are totally unfamiliar with the Court's own prior opinions on the Court's own bookshelves.

Why, then, has the Warren Court suppressed mention of the conspiracy it knows so much about, in every opinion which has to do with it? Why has the Court used the language it used in the passport decision, that created the "great danger" the President described in his message to Congress?

The language I refer to may be found on page 13 of Justice Douglas' majority opinion, in the Rockwell Kent passport case.

As long ago as 1951, Louis Budenz swore that Rockwell Kent had been a Communist Party member. Kent called Budenz a liar, off the witness stand, but when he reached the stand himself in 1953, he forgot all about the "liar" charge and took the fifth amendment instead. For years, Kent has been a lackey of Moscow's specious peace apparatus. He sponsored the notorious Waldorf-Peace Conference of 1949, which was described as follows by the House Committee on Un-American Activities:

A super mobilization of the inveterate wheelhorses and supporters of the Communist Party and its auxiliary organizations. It was in a sense a glorified pyramid club, pyramiding into one inflated front the names which had time and again been used by the Communists as decoys for the entrapment of innocents.

Rockwell Kent was paraded by the Soviets at Kremlin-managed peace meetings at Paris in April 1949, at Stockholm in March 1950. At Stockholm, betrayer Kent said:

The present Government of America is not my government.

This year, this same man sought a passport to attend a meeting of the Soviet-sponsored World Council of Peace in Helsinki, Finland, which is not too far from the NKVD headquarters in Moscow.

The Secretary of State refused to give Kent a passport on the ground that he is a Communist who had a "consistent and prolonged adherence to the Communist Party line."

Kent was given full opportunity to deny the charge by affidavit, or in a hearing. Of course, he did not dare deny the charge, because he knows it is true. He went into district court instead and asked for a passport regardless. The district court turned him down. But when he appealed, the Supreme Court destroyed the power of the Secretary of State to exercise his discretion for the protection of this country, and gave betrayer Kent carte blanche to go abroad if he wished, and repeat if he wished the anti-American statements he made at Stockholm 8 years ago.

Here is the language of Justice Douglas in the Kent case, which is also the language of the majority of the United States Supreme Court:

We deal with beliefs, with associations, with ideological matters. We must remember that we are dealing here with citizens who have neither been accused of crimes nor found guilty. They are being denied their freedom of movement solely because of their refusal to be subjected to inquiry into their beliefs and associations.

Those words are naked falsehood. Rockwell Kent was denied a passport because he has been a long-time member of the Communist Party, U. S. A. He was denied a passport because he forswore his country at an international Communist gathering. He was denied a passport because he wished to go to another international Communist gathering to compound his offense. He was denied a passport because he is an agent to execute the Communist program, and is chargeable, on ordinary conspiracy principles, with responsibility for and participation in all that makes up the Party's program.

Yet I quoted above from the Supreme Court's decision. That is what the Court held. That is the way the Warren court is acting. We can draw our own conclusion that there is something rotten.

What about the bill which the Secretary of State asks us to pass immediately to end the great danger caused by the Kent decision? What about the danger to the States? What about the danger to the local bar associations? What about the danger to the schools? What about the danger to Congress? Apparently the Court is not concerned about that. It gets worked up about passports being denied to Communists, but it is not paying any attention to its homework, and does not seem to care.

Senate bill 2646 is the most important piece of proposed legislation that can come before any legislative body which is interested in the peace and security of the Nation. Why that proposed legislation, after being reported by the committee by a vote of 10 to 5, should lie on the calendar for 2 months without our being able to get any action on it, I do not understand.

In the bill which the Secretary of State asks us to pass immediately to end the great danger caused by the Kent decision, he includes the following:

The Congress finds that the international Communist movement seeks everywhere to thwart United States policy—

That is why we must pass it quickly for the State Department. That is why the executive department tells us we must hurry and pass the bill—

to influence foreign governments and peoples against the United States, and by every means, including violence, to weaken the United States and ultimately to bring it under Communist domination; that the activities of the international Communist movement constitute a grave peril to the security of the United States; that the issuance of a passport to any applicant described in section 104 (b) facilitates the travel of such person to and in foreign countries and presumptively supports the activities and operations of the international Communist movement; and that, in view of the unbroken history of the fraudulent use of United States passports by supporters of the international Communist movement, the mere possession of a passport by a per-

son described in section 104 (b) presumptively lends support to the activities and operations of the international Communist movement.

If we pass this bill, with this section in it, the Court's hand may be forced. It may be brought out into the open, where it can no longer suppress mention of the conspiracy on which—as the Senator tells us—it is so well informed. But in view of the record I suggest that we cannot afford to take chances. These words need pointing up. The instrument is immediately at hand, in the words of the late Justice Jackson. I offer them, as an amendment to section 104 (a) of the proposed passport bill presented by the Secretary of State:

The Communist Party alone among American parties past or present is dominated and controlled by a foreign government. It is a satrap party which, to the threat of civil disorder, adds the threat of betrayal into alien hands.

In each country where the Communists have seized control, they have so denationalized its foreign policy as to make it a satellite and vassal of the Soviet Union and enforced a domestic policy in complete conformity with the Soviet pattern, tolerating no deviation in deference to any people's separate history, tradition, or national interests. * * *

The American Communists have imported the totalitarian organization's disciplines and techniques, notwithstanding the fact that this country offers them and other discontented elements a way to peaceful revolution by ballot.

Every member of the Communist Party is an agent to execute the Communist program.

Individuals who assume such obligations are chargeable, on ordinary conspiracy principles, with responsibility for and participation in all that makes up the party's program.

There is certainly sufficient evidence that all members owe allegiance to every detail of the Communist Party program and have assumed a duty actively to help execute it so that Congress could, on familiar conspiracy principles, charge each member with responsibility for the goals and means of the party.

I also offer these words as an amendment, in the form of a preamble, to Senate bill 2646. And I ask again, when will S. 2646, approved 10 to 5 by the Judiciary Committee, and pending on the calendar since that time, be allowed to reach the floor of the Senate?

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. JORDAN. Mr. President, I shall speak in support of the bill.

First, I know I express the sentiments of the entire Senate when I say that the members of the Committee on Finance have done truly outstanding work on the proposed legislation. It is true that there were sharp differences of opinion, within the Committee, on many details involving the bill, but these were honest and sincere differences in method and not purpose.

One of the first things I did when I became a Member of the Senate was to study the proposed legislation before Congress which would extend the reciprocal trade program.

I did this because of my interest in international trade as an effective instrument for world peace and prosperity.

Being a businessman myself in private life, I have a deep conviction growing out of firsthand experience that an orderly flow of trade and commerce between nations is not only desirable but is essential if the needs and desires of humanity are filled, and the cause of peace and tranquility among men is served.

This kind of conviction gave birth to the concept that any effective reciprocal trade program must in fact be reciprocal. More important, any effective trade program must be translated into action with a minimum of disruption in domestic industries. This, I think, is the crux of the current turmoil and controversy over the kind of reciprocal trade program we shall have in the future.

The facts will show that little regard has been given domestic industries in the administration of our reciprocal trade program in the past few years.

The reason for many textile people, plywood people, and people in other industries becoming disillusioned about our trade program is not the program itself, but the manner in which it is being administered.

I shall emphasize this point. From the time the reciprocal trade program was put into operation, American industries supported it wholeheartedly until a few years ago, when it became the policy of the present administration to ignore the needs and hardships of domestic industries.

It is essential for any trade program to have the support of agriculture, industry, and business alike if it is to be an effective program. Because of this, safeguards must be provided to prevent serious damage or destruction to our domestic industries.

I call attention to a few things which have occurred in the textile industry to illustrate what I am talking about.

To understand the textile industry's concern over the present degree of foreign competition, it is essential to review a few things which have taken place during the past 10 years.

Prior to World War II, Japan was a major textile-producing nation, and it had a vast natural market for its production in China, India, and other areas of the Orient.

Since the war we have prevented Japan from selling textiles and other products to China, and we have encouraged the development of rapidly expanding textile industries in India, Pakistan, and other nations in that part of the world.

As a result of these developments Japan has been forced to seek new markets, and we have encouraged them to turn to the United States and South America. By encouraging the Japanese to develop markets in South America, we have deprived ourselves of traditional markets for American textile goods.

Japan is taking full advantage of this. It is my understanding that not only has Japan had a hand in building quite a number of textile mills in South America, but she has built a textile machinery manufacturing plant in Brazil and is now in the process of helping to build another in Mexico with the help of combined Mexican and Japanese capital.

Since the war, the Japanese textile industry has enjoyed very rapid growth. Only 10 years ago, about 2½ million spindles were operating in Japan. Today, more than 12 million are operating.

I might add that Japan's textile operations are not confined, by any means, to cotton. Japan has nylon manufacturing plants and large rayon manufacturing plants. Japan has become one of the principal exporters of rayon textile fibers to the United States. This is causing much trouble in the rayon industry in this country.

During the same period, the American textile industry has been cutting back instead of expanding. As all Senators know, the period since the end of World War II has been the most profitable economic period we have had in a long time. Practically every industry in America has been expanding, with the exception of the textile industry, which has been on the decline. Employment in the textile industry has declined by 345,000 jobs. More than 700 textile plants of all descriptions have closed and have been liquidated in the past 10 years. The industry is operating 2,375,000 fewer spindles than were in operation at the close of the war. Still, as I have just said, the period since the end of the war has been the greatest productive period the United States has ever known, except during the war years.

It is true that, percentagewise, textile imports appear to be small. But in terms of yards and dollar value they are most significant. In the past 10 years, the imports of cotton textile yardage alone have increased about eightfold—from about 16 million yards to more than 122 million yards. That is a tremendous increase in yardage in a 10-year period.

The dollar value of cotton textiles brought into the United States in the past 10 years has increased from \$24 million to more than \$136 million. That, also, is a tremendous dollar increase.

There have been similar increases in woolen goods. In prior years, the Japanese were not large producers of woolen goods. They confined their production largely to silk and cotton, because they were the fields in which they were the most proficient. But as soon as the cotton market became pretty well saturated in other parts of the world, the Japanese moved into the woolen field.

Woolen imports into the United States jumped from 4.6 million yards in 1947 to 32.3 million yards in 1957. All one has to do is to go to the New England States to see what has happened to the large woolen mills. Most of them have been located in that section of the country.

The dollar value of woolen imports increased in the same period from \$33 mil-

lion to \$143 million. That, also, is a tremendous increase in dollar values.

Textiles have not been alone. The plywood industry has been forced to buck comparable circumstances. Hardwood plywood imports increased from about 10 million square feet in 1951 to about 680 million square feet last year. That is a tremendous increase in plywood imports. During the same period, American production decreased from 805 million square feet to 794 million square feet.

These figures show that the plywood industry, much the same as the textile industry, has had to cut back or freeze its level of operations. This, naturally, has brought about hardships.

I observe that the senior Senator from Wisconsin has just come into the Chamber. I may say to him that I am speaking about plywood, which is a subject of interest to him.

Mr. WILEY. The Senator from North Carolina should speak to the Senator from Illinois [Mr. DOUGLAS].

Mr. JORDAN. He is listening. The figures I have cited show a tremendous increase in the imports of plywood. I am not speaking about the soft fir which comes from the Northwest, because that industry has not been so hard hit.

Everyone who knows anything about the building industry is aware that more plywood has been used in the United States in the past 10 years than in any comparable period.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. JORDAN. I yield.

Mr. WILEY. There is one figure which I should like to obtain, if the Senator has it. How many small farmers who husband the hardwood for the plywood are really dependent on this industry for a living? Has the Senator any information on that subject?

Mr. JORDAN. I cannot answer that question.

Mr. WILEY. Can the Senator from North Carolina give me an approximation?

Mr. JORDAN. I cannot, because I do not have those figures before me. But last week a delegation of plywood manufacturers who operate veneer plants came to see me. They said they have closed their plants, and have no plants open in the whole area. They further said that farmers who fell trees and cut them into logs, to be used for plywood veneer, were hauling logs from place to place, trying to sell them. But the manufacturers said they had had to close their mills entirely, because of the imports of Japanese plywood.

Mr. WILEY. Where is that?

Mr. JORDAN. In North Carolina.

Mr. WILEY. How many plants have been closed?

Mr. JORDAN. My best information is that approximately 50 plants have been closed within the past 2 years.

Mr. WILEY. Does the Senator from North Carolina have any idea of the amount of unemployment that has resulted?

Mr. JORDAN. Employment in those plants has varied from 50 to 400 persons,

so I am told. But the matter goes much farther than that, for, as the Senator from Wisconsin has said, if a farmer cannot sell the trees he grows, he is hurt, and one of the natural resources on which he depends becomes of little or no value.

A few years ago the Government had a great program of reforestation. It was a wonderful program; but if the farmers who grow the trees cannot sell them, they will have spent much time and energy in growing a crop which will yield them no return.

Mr. WILEY. I should like to say that the mechanism outlined in the bill as passed by the House of Representatives, and also the mechanism outlined in the bill as reported by the Senate Finance Committee, would operate with good results. But before that happens, we must obtain the facts. I believe it important that those of us who represent States in which literally hundreds, and perhaps thousands, of persons are dependent on this industry for their employment, should obtain the facts, so that if and when either one of the bills is enacted and goes into operation, we shall be able to present the facts on this matter to the Commission and shall be able to obtain the relief which should be obtained, in my opinion, without doing harm or injury to our foreign-policy relations.

As I stated the other day to the Senator from Illinois [Mr. DOUGLAS], all that is needed is the application of commonsense; that would suffice.

Today, I asked the Senator from Illinois whether he had prayerfully considered the question I asked him the other day, when I requested his opinion in regard to a solution to this problem. I asked him for his opinion, because the good Lord has given him a fine intellect and a keen mind; and, although he has been a freetrader, I know he loves the common man, the poor laboring man, who is out of a job. So I was sure he could arrive at a solution of the problem.

His answer was, in effect, that if the Commission is not doing a proper job, it is because of the quality of the Commissioners.

Let me ask the Senator from Illinois whether I have correctly stated his answer.

Mr. DOUGLAS. That is correct. I wish to repeat that I think we now have a very poor Tariff Commission, which has been packed by the President with protectionists, and that, really, nearly all of them should be replaced with decent appointees.

Mr. WILEY. Mr. President, I understand that the answer of the Senator from Illinois to my question is "yes." What he has volunteered after that, I cannot agree with, because the latter part of the Senator's statement smacks too much of partisan politics, rather than an attempt to solve an economic problem.

Mr. DOUGLAS. No; if the members of the Commission were proper students of the subject, I would not care whether they were Republicans, Democrats, or Independents. But the present Com-

mission is the worst Commission in the 40 years of its history.

Mr. WILEY. Perhaps the Senator from Illinois has made a contribution by calling attention to the solution which he believes must be put into effect, because undoubtedly one bill or the other will be enacted and will go into effect; and undoubtedly we can become so prejudiced in our own concepts that we will fail to appreciate that although a proper mechanism is necessary, any mechanism is worthless unless able persons operate it. So we need both a good mechanism and good mechanics.

On the other hand, if the operators or the mechanics are not of the proper kind, then it is our job—among the many jobs for which we have assumed responsibility—to see to it, first, that the best possible plan is placed in operation; and, second, that the proper quality of personnel to operate the plan to be obtained, in order to relieve the breadwinners the Senator from Illinois is always back of and always has sustained and always has sought to look after; and I am sure he does not want them to be out of employment.

Mr. President, I thank the distinguished Senator from North Carolina for yielding to me.

Mr. JORDAN. Mr. President, at this point I wish to emphasize that one of the very things I am trying to stress in the course of my brief remarks is that there is nothing particularly wrong with the existing law; the trouble is that it has not been administered in the way it should have been. The Tariff Commission has studied many, many problems of many, many industries and commodities, and has sent reports to the President, but the President has vetoed them, or taken no action.

If the bill reported by the Senate Finance Committee is enacted into law, it will be mandatory that the consent of a majority of both Houses of Congress be obtained before the President can overrule such a recommendation of the Tariff Commission. I do not seek to create the impression that I believe that increased imports are the only source of the trouble which these industries and other industries have; but increased imports do result in serious problems, and they should be considered as such, rather than ignored, in the administration of our trade program.

We should remember that when industries such as the textile industry or the hardwood plywood industry are damaged, the effects go beyond the industries directly affected. Not only are those who work in those industries affected, but agriculture and business in general are also affected. For example, for many years the textile mills of this Nation have been the American cotton farmers' best customers, and this factor will become increasingly important as world competition increases.

I should like to elaborate a little on that point. Earlier in my remarks, I said some new and large, modern textile mills have been built in Brazil; and Brazil is becoming an exporter of textile yarns and fabrics, instead of an im-

porter. Furthermore, it should be remembered that Brazil grows a great deal of cotton, and constantly is increasing both its cotton acreage and the quality of its cotton, and soon Brazil will cease to be an importer of American cotton at any price. So, before long the United States will lose its market in Brazil for both raw cotton and cotton textiles.

Therefore, it is necessary that we protect the market we have left, as well as the farmers who grow the cotton.

Mr. President, I have mentioned these matters in some detail because I believe it is extremely important that we consider all the factors involved before we make a final decision on the pending bill.

In view of the ill-advised manner in which the reciprocal trade program has been administered in many cases in recent years, I think it would be unwise to make alterations in the Senate Committee's version of the bill.

I cannot see how the proposed changes in the present escape-clause provisions would prevent the President from carrying on a reasonable and sound program.

However, the bill would require the President to be more careful and less arbitrary in the case of future hardships inflicted on domestic industries. I believe this provision ought to be considered one of simple justice, rather than a matter of privilege.

For these reasons, Mr. President, I am hopeful that the Senate will pass the bill in the form in which it was reported by the Finance Committee.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the body of the RECORD statistics on the impact of foreign trade upon the State of Indiana. This is a statement on statistics showing how Indiana participates in world trade.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

FOREIGN TRADE IMPACT UPON THE STATE OF INDIANA

INTRODUCTION

Every American instinctively asks the following questions about any situation that may effect his livelihood:

Does it help or harm my job, my business, my chance to better my future?

For the opportunity for economic self-preservation and self-betterment is a fundamental right of a free people.

Because the true answer is crucial to each individual, he serves his own best interest if he gets the best information available before making up his mind.

In no field is there more urgent need for the truth—and the whole truth—to the individual than in the subject of foreign trade—the topic which is growing to such widespread public interest this year.

For more and more people are beginning to realize trade's increasing impact on our economy, its close relationship to the economic power of the free nations and its potential might in providing America with some of the national security strength necessary for survival in a Communist-threatened world.

I should like to describe in summary what world trade does in the lives of the men and women with particular reference to the State of Indiana. My description includes both

the favorable and unfavorable evidence. It is derived from the latest and the most reliable overall knowledge of general conditions.

METHODS AND SOURCES

The description, however, is only partially statistical. It is not possible to count the things produced, bought or sold in an area which are ultimately exported or consist in whole or in part of imports.

Sufficient figures are not available from private sources for this purpose. Government counts of exports and imports are made only at the points where they leave or enter the country and such counts do not identify the place of origin of the exported article or the place of destination of the imported article.

Such statistics, even if available, would not accurately measure the impact of foreign trade in an area. They would not take into account the important indirect effects of exports and imports upon many who do not actually work upon an exported or imported article, but who supply ingredients or component parts, or who render services to persons engaged in the export or import business, or those who receive more remote but nonetheless real benefit from the activity engendered by foreign trade. The effects of foreign trade radiate throughout the economy.

An illustration of how exports by one manufacturer resulted in increased business for subcontractors and suppliers was found in one export contract, where the seller retained only 45 percent of the business in his own establishment. Subcontractors received 26 percent of it and suppliers—mostly small firms—received the remaining 29 percent. In other words, more than half of the export sales went to companies which considered the resulting business as a transaction entirely within the United States.

The paychecks of the men working on actual exports or imports are used in making purchases from sellers who may not themselves be engaged in the export or import business. Yet those sellers and their owners, employees and suppliers benefit in this way from foreign trade.

Much of the impact of foreign trade is not easily observable. Goods go through many hands on the way from the raw material producers to the final buyers. They are changed, and mixed, and adapted to varying needs.

It is, therefore, impossible to measure with statistical precision the impact of foreign trade in any particular area. But, this does not mean that no worthwhile measure is possible. Even an allocation of the Nation's total exports or imports to each area, in the ratio of the area's population to the Nation's population, would have some value. However, this method would not take into account the probability that foreign trade has a greater impact in those areas containing above average concentrations of businesses which, whether or not they themselves do any direct foreign trade, belong to industry classifications that do engage directly in foreign trade.

This study does take this probability into account by ascribing to the area a portion of the foreign trade in each such industry classification which bears the same ratio to the nationwide foreign trade in that classification as the number of workers in that industry in the area bears to the number of workers in the industry nationwide. Wherever in this report reference is made to the area's share or proportionate share the determination of the share has been made on this basis. The data used in the calculations are in most cases within generally accepted standards of statistical accuracy. Where they are not, it is considered that the possible error is not large enough to impair the usefulness of the result for the purposes outlined above.

The basic data used in the report have been obtained from the Bureau of the Census and the Bureau of the Foreign Commerce. The services of other of the Executive Departments are noted where used. Data concerning named establishments have been obtained from nongovernmental sources.

Nineteen hundred and fifty census data, the latest complete population data available until the 1960 Decennial Census is published, have been used to identify the population factors and key occupation classifications as a basis for the development of further information.

Nineteen hundred and fifty-four census of manufactures data, the latest source of information concerning the number of establishments and number of employees within each manufacturing classification by counties, have been used to identify the significant industries within the area.

The most recent annual trade statistics available at the time of writing are those for the calendar year 1956.

On this basis, the following survey presents a brief understandable picture of the ramified influence which foreign trade has on the economic well being of this area:

SUMMARY

Foreign trade contributes very greatly to the welfare of the people of Indiana; Indiana's economy is directly related to foreign trade. It prospers as trade expands and is hurt as trade contracts.

The people of Indiana participate in the benefits of United States exports to foreign countries. Some 423,978 Indiana employees—about 73 percent of all persons engaged in manufacturing in the State—are in firms which fall in seven major manufacturing classifications: food and kindred products, chemicals and products, primary metal industries, fabricated metal products, machinery (except electrical), electrical machinery, and transportation equipment. Indiana's proportionate share in United States exports of these seven groups in 1956 was over \$403.7 million (nearly half a billion dollars).

Indiana establishments in each of these industry groups sell directly in foreign trade; many of their products are known and prized abroad so that the value to them of export markets is direct and great. And this is not the whole picture. Many of the goods manufactured in the State are exported after being incorporated as component parts of products made or assembled outside of the State. Thus, the value of foreign markets as outlets for Indiana's production is far greater than might be directly apparent.

Moreover, Indiana factories not included in the above-mentioned seven classifications also have a share in exports. They are manufacturers of glass, insulations, petroleum products, and a host of other items.

Agriculture is another major industry in the State. Some 244,000 persons work on Indiana farms, and they benefit substantially—directly or indirectly—from foreign markets for United States agricultural products. The State of Indiana's proportionate share of United States agricultural exports during the 1956-57 marketing year was \$144 million. This proportionate share amounted to about \$590 annually per person employed in agriculture in the State and to several times this figure per farm. Exports of farm products, of course, are not physically traceable to the individual producing farm, and even if they were it would be of no significance which farms physically supplied the particular lots exported since all United States producers of exported farm products are afforded added market advantage and opportunity through the availability of foreign outlets.

Approximately 10,390 persons, according to Bureau of Mines estimates, are engaged

in mining in the State of Indiana. Of these, some 4,950 persons probably are not concerned directly with foreign trade since the minerals they produce are sold in domestic markets without significant import competition. Some 1,380 persons, however, are engaged in the extraction of crude petroleum and they may consider that they are affected adversely by imports of crude oil, although, on the other hand, they may benefit from the Nation's sizable exports of petroleum products. Approximately 4,060 Indiana persons benefit from the Nation's large exports of coal.

Over 544,000 persons in Indiana are in such industries as construction, trade, finance, insurance, real estate, public utilities, and public administration. Their participation in the benefits of exports derives mainly from the fact that the firms producing the movable goods entering international trade are among the patrons to whom they sell their products or services. In addition, they derive an extra benefit to the extent that they handle international economic transactions which pass through the State such as transportation, financing, telephone traffic and the like.

The people of Indiana also benefit substantially from United States imports. Imported flavorings, extracts and other food products, imported minerals and other raw materials, and imported commodities of a finished and semifinished nature, enable Indiana manufacturers to produce better products at a lower cost and Indiana residents to enjoy better living than might otherwise be obtained. While some producers in the State may be affected adversely by import competition, the net effect of imports on the State of Indiana is definitely favorable.

STATE OF INDIANA

The State of Indiana with 36,291 square miles and a total population in 1950 of 3,934,224 ranks 37th among the Nation's 48 States in terms of land area and 12th in terms of total population. The State's population per square mile of land area in 1950 was 108.7.

According to the Bureau of the Census, the State's population was classified as 59.9 percent urban, 23.2 percent rural nonfarm, and 16.9 percent rural farm. The median family income in 1950 was \$3,197 and the median school years completed was 9.6.

Principal cities in the State with populations in 1950 exceeding 100,000 include Indianapolis (427,173), Gary (133,911), Fort Wayne (133,607), Evansville (128,636), and South Bend (115,911).

Bureau of the Census estimates published in December 1957 placed the State's total population at 4,533,000, which represented a 15.2 percent increase over the April 1, 1950, census count.

THE STATE OF INDIANA AND FOREIGN COMMERCE

Without our Nation's exports—our sales to foreigners—we would have to shut down many of our plants. In 1956, the amount was \$19 billion—one dollar's worth sent abroad for every 10 dollar's worth of movable goods produced and sold in the United States market.

This report identifies the key segments of the area's economy and measures each segment's proportionate share of the total \$19 billion.

Without our Nation's imports we would have a substantially lower standard of living. In 1956 we bought \$13 billion worth of goods from foreign countries for use in our production processes or for consumption to meet the needs of the American people. Most of these imports met demands which could not be supplied from United States sources, or only to a limited extent at increased prices.

Too, without imports—our purchase of goods from abroad—foreign buyers would not have sufficient dollars to purchase our exported products in return.

This report describes the importance of imported commodities as a component of the products manufactured in the area. Some cases are noted where the imported component is a key item in production. Where imported goods compete with goods in the area, that fact is noted and the importance of the competition is discussed.

EMPLOYMENT CHARACTERISTICS

According to the 1950 census, 1,518,442 persons in the State of Indiana were employed. The distribution by occupation of these employed persons among the selected major industry groups (not comparable precisely to the number of persons employed by the selected major industry groups) is portrayed in table 1.

While the number of employed persons in the State may have changed since 1950, table 1 serves as a basis for determining the relative importance of the various employment groups.

According to these figures, manufacturing is by far the most significant group in terms of numbers employed, accounting for 34.8 percent of the State's total employment. The wholesale and retail trades and agriculture were the next in significance, accounting for 14.9 percent and 11.6 percent, respectively, of the number of employed persons. A much lesser number of persons, approximately 1 percent of total employment, were engaged in mining, although this group is nonetheless important to the State's economy as a producer of movable goods.

EMPLOYMENT GROUPS PRODUCING MOVABLE GOODS

International trade consists in the first instance of the exchange of movable goods between countries. In general, movable goods are the products of factories, farms, and mines.

TABLE 1.—State of Indiana—Employed persons by selected major industry group

Major industry group:	District total
Total employed.....	1,518,442
Agriculture	175,645
Mining	15,279
Construction	77,420
Manufacturing.....	527,836
Transportation, communication, and other public utilities.....	112,914
Wholesale and retail trade.....	266,487
Finance, insurance, real estate.....	39,277
Business and personal services.....	74,733
Professional and related services	115,029
Public administration.....	47,923
Private households.....	30,056
Total.....	1,482,599
Unaccounted for.....	35,843

Source: County and City Data Book, 1952.

MANUFACTURING

In 1954, according to the Census of Manufactures, 582,803 persons were employed by 6,355 manufacturing establishments in Indiana.

Table 2 presents the general manufacturing statistics for the State by major industry group where available from data published by the Bureau of the Census as a result of the 1954 census of Manufactures. It may be concluded from the available Bureau of the Census data that the significant industry groups in the State are food and kindred products, chemicals, and products, primary metal industries, fabricated metal products, machinery (except electrical), electrical machinery and transportation equipment.

TRANSPORTATION EQUIPMENT

According to the 1954 census of Manufactures, there were 92,445 persons employed by

208 Indiana establishments engaged in the production of transportation equipment. Seventy-two of these firms employed at least 100 persons.

In 1956, on a national basis, total exports of transportation equipment exceeded \$2.8 billion. The transportation equipment manufacturers in Indiana had a proportionate share of United States exports of products in this classification of \$103.4 million.

Over half of the total exports of transportation equipment in 1956 consisted of motor vehicles and equipment, which accounted for foreign sales in excess of \$1.4 billion. Corporations known throughout the world have plants in Indiana, including the General Motors Corp., the Chrysler Corp., the Studebaker-Packard Corp., and the Borg-Warner Corp. General Motors has its Fabricast Division at Bedford, which produces fabricated

metal automobile parts Guide Lamp Division, Delco Remy Division, Allison Division, and Delco Radio Division, at Anderson, Muncie, Indianapolis, and Kokomo; Chrysler has until quite recently made truck and bus bodies at Evansville; Studebaker-Packard has its principal operations in South Bend; and Borg-Warner manufactures automobile parts and equipment in such Indiana cities as Newcastle, Muncie, and Auburn. Another firm, the Anderson Co., makes motor vehicle parts and equipment in such Indiana cities these firms sell directly to foreign countries.

Since many of the parts produced by Indiana manufacturers of automotive parts and equipment are used as components in finished products made in or outside of the State, which are exported, actual exports by these companies are considerably larger than their direct exports of parts.

TABLE 2.—State of Indiana—Number of manufacture establishments by major industry group

	Establishments				Employees	Value added by manufacture (thousands)
	Total	1 to 19 employees	20 to 99 employees	100 or more employees		
Food and kindred products.....	1,207	780	331	96	48,543	\$391,402
Tobacco manufactures.....	9	6	1	2	910	3,291
Textile mill products.....	22	8	5	9	2,701	13,608
Apparel and related products.....	197	90	62	45	15,358	60,167
Lumber and wood products.....	530	424	88	18	10,789	59,078
Furniture and fixtures.....	293	122	109	62	22,117	118,467
Pulp, paper, and products.....	98	36	30	32	9,483	67,408
Printing and publishing.....	799	644	124	31	18,010	125,331
Chemicals and products.....	242	157	51	34	26,298	343,491
Petroleum and coal products.....	36	18	5	13	15,326	169,786
Rubber products.....	50	24	9	17	14,957	106,245
Leather and leather goods.....	22	11	4	7	2,156	10,762
Stone, clay, and glass products.....	396	258	81	57	23,926	179,295
Primary metal industries.....	236	91	66	79	86,984	767,757
Fabricated metal products.....	643	387	173	83	40,941	299,290
Machinery (except electrical).....	868	592	184	92	61,143	480,184
Electrical machinery.....	166	66	41	59	67,714	545,524
Transportation equipment.....	208	87	49	72	92,445	734,346
Instruments and related products.....	42	23	12	7	2,837	23,257
Miscellaneous manufactures.....	291	185	62	44	20,157	126,779
All establishments.....	6,355	4,009	1,487	859	582,803	4,625,477

Source: 1954 Census of Manufactures.

Products attributable to the railroad equipment industry accounted for over \$105 million worth of exports in 1956. Indiana firms in this industry include two Lake County companies, the Pullman Standard Car Manufacturing Co., and the General American Transportation Corp. The workers in these firms' plants have a direct interest in the foreign sales of railroad equipment.

Over \$1 billion worth of aircraft and parts were exported in 1956. Several internationally known firms in this industry have plants in Indiana cities producing aircraft equipment and parts. For example, Borg-Warner, which was previously mentioned, produces aircraft equipment in its various Indiana plants. South Bend is the location for a branch of the Bendix Aviation Corp., which also produces aircraft equipment, while Allis-Chalmers, in Terre Haute, produces assemblies for use in jets. All of these firms are international in scope, and all of them participate directly in foreign trade.

The beneficial effect of imported goods on the Indiana sector engaged in the production of transportation equipment is also pronounced. A list of imported parts and raw materials used in manufacturing an automobile or a railroad freight car would be a long one, ranging from aluminum and antimony to zinc and zirconium. To illustrate the essential nature of these imports, 100 percent of the jute used in fabric and floor coverings used in an automobile is imported; 95 percent of the sheet and block mica used in electrical insulators is imported; and 100 percent of the sisal used in seat padding is imported; and these are only a few of the

many essential ingredients that firms in this industry must import, at least in part.

MACHINERY (EXCEPT ELECTRICAL)

According to the 1954 census of manufacturers, 61,143 persons were employed by 868 Indiana firms engaged in the production of nonelectrical machinery. Ninety-two of these firms employed 100 or more persons.

Nationally, in 1956, total exports of nonelectrical machinery exceeded \$2.9 billion. This amounted, nationally, to an average of over \$1,825 for every United States employee in the industry. Indiana's proportionate share of this national export total was over \$91.5 million.

Farm machinery and equipment annually accounts for a large part of the Nation's total nonelectrical machinery exports—about \$549 million in 1956. Almost 1 out of every 3 tractors manufactured in the United States is sold to a foreign country. International Harvester, Inc., which has production facilities in Indiana, is international in scope, and is directly responsible for a large portion of United States exports of tractors. There are many other Indiana establishments engaged in the production of farm machinery, other than tractors, including the Allis-Chalmers Manufacturing Co. plant in La Porte, and 2 Lake County establishments, the Champion Corp. and the Letz Manufacturing Co., Inc. Allis-Chalmers is worldwide in scope, and it, as well as Champion and Letz, sells directly to foreign countries.

United States manufacturers of construction and mining machinery exported \$704 million worth of their products in 1956, in-

cluding oilfield machinery and tools. This is the largest component of total United States nonelectrical machinery exports. Out of this figure, \$551 million worth consisted of construction and mining machinery. Better than 1 of every 3 machines in this category produced in the United States is sold abroad.

Among Indiana firms engaged in the manufacture of construction and mining machinery are the Joy Manufacturing Co., which has a branch in Michigan City, and the Byron Jackson Division of Borg-Warner Corp., in Lawrenceburg. Both Joy and Borg-Warner are known throughout the World, and their products are sold in foreign markets. Many other Indiana manufacturers also produce varieties of construction and mining machinery, partly for sale abroad.

Another division of Borg-Warner—the Atkins Saw Division—makes woodworking machinery such as power saws in Indianapolis. One-seventh of the woodworking machinery produced in the United States is exported, and in 1956 the value of these exports exceeded \$27 million.

Another international firm in the nonelectrical machinery industry in Indiana is the Food Machinery & Chemical Corp., which has several plants in Indianapolis and Tipton and participates directly in export markets. At Indianapolis is its Peerless Pump Division, which produces pumps and compressors. National exports of pumps and compressors exceeded \$131 million in 1956.

Office and store machines accounted for \$133 million worth of exports in 1956. Greencastle is the site of an International Business Machines Corp. plant. IBM produces many types of computers, adding machines, typewriters, and the like, and sells directly to foreign countries.

Over \$276 million worth of service and household machines were exported in 1956. The Whirlpool Corp., which has a plant in Evansville, makes products known and consumed throughout the world.

Some firms have expressed concern over import competition of machine tools, tools and dies, and diamond dies. Concerning machine tools, although some segments of the industry may be adversely affected by imports, the industry as a whole benefits a great deal from exports which are several times as great as imports while imports amount to less than 1 percent of domestic production. It is reported that 11 Indiana firms produce machine tools of the types reported to be sensitive to import competition. The number of Indiana firms in the tool and die industry has not been determined. Six firms are in the State's diamond die industry and, too, may be concerned with import competition, although neither of these industries has sought relief under the escape clause.

Nearly all of the manufacturing firms in this category utilize imported commodities in preparing their products. The most common are the imported metals found in the alloys they use, but the list of essential items, besides these metals, includes balsa, natural rubber, asbestos, and certain hardwoods.

PRIMARY METAL INDUSTRIES

According to the 1954 census of manufactures, there were 86,984 persons employed by 236 Indiana establishments engaged in the production of primary metal industries. Seventy-nine of these firms employed at least 100 persons.

On a national basis, the total exports of primary metal industries were over \$1.1 billion in 1956. The proportionate share of these exports attributable to Indiana firms in this category exceeded \$72.5 million.

Products from blast furnaces and steel mills accounted for over \$700 million of the \$1.1 billion worth of exports of primary

metals in 1956. There are several international organizations in this subindustry which have branches in Indiana. For example, the Gary Steelworks of the United States Steel Corp. includes steel-producing facilities, blast furnaces, a sheet mill, and a tinplate mill. Fort Wayne is the location of the Joslyn Manufacturing & Supply Corp., which has steelworks and rolling mills in Fort Wayne. The Union Carbide Corp. is engaged in the production of electrometallurgical products in such cities as Kokomo and Alexandria. United States Steel, Joslyn, and Union Carbide are worldwide corporations, and all have extensive interests in foreign trade.

There are also producers of primary nonferrous metals in Indiana, such as the Aluminum Corporation of America, which turns out aluminum in Richmond and Lafayette, and the Federated Metals Division of the American Smelting & Refining Co., which makes nonferrous metal products such as aluminum and copper and copper-base alloy, anodes, slabs, solder, etc. Alcoa and American Smelting & Refining are international concerns and have definite interests in international commerce. Thus, the workers in their plants have a definite interest in the \$251 million worth of primary nonferrous metal products exported annually.

The products of the nonferrous rolling and drawing industries accounted for \$41.8 million worth of exports in 1956. Among those benefiting from foreign sales were the Indiana workers of the American Brass Co., which is engaged in copper rolling and drawing in Terre Haute, and has foreign trade interests.

Some producers of copper and brass products have expressed concern over import competition, especially of copper in rolls and sheets, copper rods, brass rods and bars, brass sheets, and brass tubes and tubing. No escape-clause application has been filed. There are reportedly 3 Indiana firms producing brass tubes and tubing, 2 firms producing copper and brass rods, and 1 each producing copper in rolls and sheets and brass sheets.

There are reportedly three firms in Indiana producing concrete reinforcing bars. The industry has expressed concern over imports, but exports still far exceed imports. No escape-clause action has been initiated.

Primary metal industries throughout the United States are dependent upon imported commodities. Over 80 percent of the manganese used in steel is imported; and over 90 percent of the chrome, beryllium, and tantalum ores is imported. And in the nonferrous ores and metals category, brass and aluminum companies may depend upon imported goods, since approximately 75 percent of the crude bauxite used domestically in aluminum production is imported, and some 22 percent of the copper and over 50 percent of the zinc used domestically in brass are imported.

ELECTRICAL MACHINERY

In 1954, 67,714 persons in the State of Indiana were employed by 166 firms engaged in the manufacture of electrical machinery. Fifty-nine of these establishments employed 100 or more persons.

In 1956, the national total for exports of electrical machinery was over \$921 million. Indiana's proportionate share of these exports was approximately \$45.2 million, although this probably understates Indiana's actual share of exports of electrical machinery, because (1) many Indiana firms in this industry export directly, and (2) many types of electrical machinery and wiring devices are incorporated as component parts in other types of machinery, such as agricultural equipment, or in automobiles and airplanes, which are exported.

The second largest sector in the electrical machinery industry, in terms of value of exports, is electrical industrial apparatus.

In 1956, United States producers of electrical industrial apparatus exported over \$291 million worth of their products. The Westinghouse Electric Corp., which has a plant in Union City, manufactures motors and generators, which accounted for over \$100 million worth of exports in 1956. Another producer of electric motors in Indiana is the General Electric Co., which turns out motors in Fort Wayne and Decatur. The Durakool Corp., which is in Elkhart, produces electrical control apparatus, which accounted for over \$61.9 million worth of national foreign sales in 1956. Westinghouse, General Electric and Durakool products are known and used in many foreign countries.

South Bend is the site of the Bendix Home Appliances, Inc., which produces many types of household appliances. This firm is international in scope and exports directly. Thus, its workers have a definite interest in the \$35 million worth of electrical appliances sold abroad annually.

In terms of exports, the communication equipment subindustry is the largest sector in the electrical machinery industry. In 1956, exports of commodities in this classification totalled \$359 million. General Electric has plants in such cities as Huntington, Tell City, and Shelbyville, engaged in the production of radios and related products, which accounted for \$247 million worth of exports in 1956. Another Indiana firm in this subgroup is the Radio Corporation of America, which has plants of its RCA Victor Division in Bloomington and Indianapolis. Both of these firms are international in scope, and both actively and extensively engage in foreign commerce.

Indiana establishments engaged in the production of electrical machinery are also dependent upon imported commodities. Most common are the imported metals found in the alloys they use, but the list of essential materials which are imported, beyond these metals, includes bauxite, natural rubber, asbestos, natural graphite, and sheet and block mica.

CHEMICALS AND PRODUCTS

In 1954, according to the census of manufacturers, 242 Indiana establishments employed 26,298 persons engaged in the production of chemicals and products. Thirty-four of these firms employed 100 or more persons.

Nationally, over \$1.6 billion worth of chemicals and products were exported in 1956. The State of Indiana's proportionate share of these exports exceeded \$44 million.

The largest factor in United States exports of chemicals and products is the export of organic chemicals, which exceeded \$479 million in 1956. This subgroup includes such products as synthetic fibers, plastics materials, and explosives. Among the Indiana firms in this subindustry are several international corporations, including the E. I. du Pont de Nemours Corp., which makes organic chemicals in Fortville; the Union Carbide Corp., which makes plastics materials in such cities as Terre Haute and Alexandria; the Olin Mathieson Chemical Co. and the Hercules Powder Co., which make explosives in Peru and Jasonville respectively; and the Vick Chemical Co., which produces plastics materials in Marion. All of these firms participate actively and extensively in foreign trade.

Over \$246 million worth of drugs and medicines were exported nationally in 1956. There are several Indiana firms engaged in this subindustry, many of which are internationally known. For example, Elkhart is the site of Miles Laboratories, which makes such world-famous products as Alka Seltzer, Nervine, and One-A-Day Brand Vitamins. Eli Lilly & Co., which makes pharmaceutical preparations, has several branches in Indiana, including plants in Indianapolis, Greencastle, and Lafayette.

Over \$23 million worth of fertilizer was exported by United States producers in 1956. The Davison division of W. R. Grace & Co.—an international organization—has a plant at New Albany engaged in the processing of fertilizer. W. R. Grace sells directly to foreign countries.

Companies engaged in the production of chemicals and products in the State of Indiana are dependent upon imports. Depending on the commodities they manufacture, many of these firms use imported items such as urea, gum, karaya, tragacanth, ammonia, and nitrates, as well as phosphates, blood meal, peat moss, bone meal and oiticica oil.

FOOD AND KINDRED PRODUCTS

According to the 1954 census of manufactures, there were 48,543 persons employed by 1,207 Indiana establishments engaged in the production of food and kindred products. Ninety-six of these firms employed 100 or more persons.

On a national basis, the total exports of food and kindred products exceeded \$1 billion in 1956. Indiana's proportionate share of these exports was over \$29 million.

Meat products accounted for \$239 million of the \$1 billion worth of national exports of goods in this category. In Indiana there are a number of international meat packing plants including those of Swift & Co. in such cities as Indianapolis and Fort Wayne, and of Armour & Co. in such places as Gary and Indianapolis. Both of these firms sell directly to foreign countries. Thus, the workers in their plants have a direct interest in our annual export of meat products. In this case, there is an even greater interest than is indicated, because the exported products tend to be the by-products of meat packing which are less valued in the United States market than in foreign countries. For example, there is a growing export of certain kinds of variety meats. Exports by these firms also benefit the meat packing plants in Indiana that do not sell directly to foreign countries, due to the improvement these exports bring about in the domestic market. Also benefiting are the raisers of livestock.

Over \$150 million worth of dairy products were exported nationally in 1956, including \$69 million worth of concentrated milk. Over one-tenth of all the concentrated milk produced in the United States is consumed in other countries. The Pet Milk Co., with plants in Angola and Garrett, participates directly in foreign trade, as does the Kraft Foods Co., which has creameries in such cities as Dale, Marshall, and Paoli.

United States producers of canned and frozen foods sold over \$202 million worth of their products to foreign countries in 1956, including such products as canned fruits and vegetables, canned seafood, soups, etc. Saratoga is the site of a plant of the Campbell Soup Co., the leading producer of canned soups in the United States. Libby, McNeill, and Libby, Inc., has canneries in such cities as Nappanee, Brazil, Kokomo and Lafayette, while Stokely Foods, Inc., cans fruits and vegetables in Shelbyville, Tipton, and St. Paul. All of these firms are international in scope, and all participate actively and extensively in the export market.

United States grain mill products companies contributed most to exports of food and kindred products in 1956, selling over \$275 million worth of their goods directly to foreign countries. Several firms with foreign interests have plants in Indiana, including the Quaker Oats Co., which makes flour, meal, and prepared animal feed in such Indiana cities as Lawrenceburg, and the Swansdown Division of the General Foods Corp., which produces various mixes in Evansville. Both Quaker Oats and General Foods sell directly to other countries. The grain growers in Indiana also benefit from these exports.

Many Indiana firms engaged in the production of food and kindred products must depend upon imported commodities in the manufacture of their products. For example, many flavorings and spices used in this country must be imported. Canada Dry uses imported ginger from Jamaica; Coca-Cola uses imported flavorings in its syrups; the Campbell Soup Co. imports beef concentrates from South America. Bakeries, such as Omar, Inc., use imported chocolate, nuts, etc., in their pastries, just as ice cream manufacturers must import these ingredients for their finished products.

FABRICATED METAL PRODUCTS

There were in 1954, 643 Indiana firms employing 40,941 persons in the fabricated metal products industry. Eighty-three of these establishments employed 100 or more persons.

In 1956, total United States exports of fabricated metal products were valued at over \$444 million. Indiana's proportionate share of these exports was \$17.8 million. This figure probably understates the interest of the metal fabricators in the State; large percentages of the products manufactured by many of the concerns in this category are supplied to automotive manufacturers, packers, etc., and are thus exported indirectly.

The most significant sector of the fabricated metals industry, in terms of value of exports, is the structural metal products segment, which accounted for over \$123 million worth of exports in 1956. East Chicago is the location of Combustion Engineering, Inc., which makes boiler parts. Although this firm may not directly participate in exports, the workers in its plant have an interest in foreign sales of commodities in this classification, due to the improvement these exports bring to the domestic market by their withdrawal.

The Kaiser Aluminum & Chemical Corp., which has a plant in Wanatah, produces metal foil and containers. This firm is international in scope and actively engages in the export market.

Heating and plumbing equipment accounted for over \$71 million worth of exports in 1956. Firms in this subindustry in Indiana include the Northern Indiana Brass Co., in Elkhart, and the Peter Healey Co., which is in Evansville. Some members of the plumbing brass-goods industry have expressed concern over import competition, although the industry has not sought relief through escape-clause action. Two Indiana firms are reportedly in this subindustry.

Exports of tin cans and other tinware were over \$13 million in 1956. Contributing directly to this total is the American Can Co., which has a plant in Austria.

Some firms have expressed concern over competition from imports of barbed wire and wire nails. Two Indiana firms may be affected. No escape-clause application has been filed.

On the import side, like the firms in the primary metal industries metal fabricators daily use materials made with imported bauxite, chromite, cobalt, beryl, tin, and antimony, all of which are imported in quantities exceeding 70 percent of the supply used domestically each year, and these are only a few of the imported commodities essential to the well being of this industry.

OTHER MANUFACTURING

Printing and publishing is an important sector of any State's economy, and the State of Indiana is no exception.

Nationally, the United States each year exports printed and published materials valued at nearly \$100 million. It must be assumed, however, that few, if any, Indiana establishments are engaged directly in printing and publishing for foreign markets. Newspapers such as the Fort Wayne Journal-Gazette, the

Gary Times, the Gary American, the Evansville Courier, and the Indianapolis Star, as well as such papers as the Indianapolis News, the South Bend Tribune, the Terre Haute Advocate, and the Columbus Evening Republican may have a few subscribers in foreign countries, but it is probable their major interest is with Indiana readers. Each, however, has a very great stake in foreign commerce above and beyond its interest in the welfare of newspaper readers in Indiana because approximately 80 percent of the newsprint consumed in the United States is imported. And these establishments probably are using inks manufactured with imported dyes and type facings made of imported alloys.

There are several internationally known companies in the stone, clay, and glass industry which have plants in Indiana.

The Owens-Illinois Glass Co., which has plants in such cities as Warsaw, Gas City, Muncie, and Aurora, and the Pittsburgh Plate Glass Co., with plants in Kokomo and Shelbyville, are two leading producers of glass and glass products. Both of these firms are international in scope, and both participate directly in exports. Some producers of flat glass have expressed concern over the competition afforded by imports of this commodity, although the industry has not sought relief through escape-clause action. In 1956, United States exports of flat glass were valued at \$15.3 million, while corresponding imports totaled \$43.9 million.

The Johns-Manville Corp., another international firm, makes asbestos insulations in Richmond and Alexandria. This firm, too, sells directly abroad.

Several leading refiners of petroleum have branches in Indiana. World-known names such as the Cities Service Oil Co., which is in East Chicago, the Sinclair Refining Co., also in East Chicago, and the Standard Oil Company of Indiana, which is in Whiting, are among the refiners in Indiana. Other famous names include the Socony-Vacuum Oil Co., also in East Chicago, and the Sun Oil Co., which has a refinery in Evansville. In 1956, national exports of petroleum products were nearly \$660 million. In addition to exports of gasoline, fuel oils, kerosene, etc., the petroleum industry benefits from exports of byproducts of oil refining. For example, in 1956 national exports of paraffin wax accounted for 13.9 percent (quantity) of total production, and exports of petroleum coke totaled 1,139,000 long tons or 20.5 percent of production. To further point out the significance of foreign trade to the petroleum industry, all of the firms listed are importers of crude petroleum.

The hardwood plywood industry is concerned with import competition, although the industry was denied escape-clause relief by the Tariff Commission in 1955. There are now several bills pending in Congress which would limit imports of hardwood plywood to 15 percent of the domestic consumption in the preceding calendar year. Three Indiana firms are reportedly engaged in the production of hardwood plywood.

In the textile-mill-products industry, exports substantially exceeded imports as recently as 1954, but imports have since increased to the point that in 1956 they were larger in value. Exports of textile manufactures still exceed imports of textiles which are competitive with United States output, although several segments of the textile industry have expressed concern over import competition, including producers of knit goods, wool-textile-mill products, and cotton-textile-mill products.

Six Indiana firms are reportedly engaged in producing wool-textile-mill products. There has been no escape-clause action, but wool fabrics have been denied protection under the Trade Agreements Act. Further, a reduction in the United States tariff on

woolen goods was specified to be subject to the right of the United States to limit the reduction to an amount of imports equal to 5 percent in recent years, and tariff rates were increased on the excess in 1956. Among the State's manufacturers of knit goods are several producers of hosiery, knit fabrics, and knit underwear. Exports of each of these items nationally exceed corresponding imports. There are three producers of polo shirts and one producer of knit gloves, however, who may be concerned with imports of knit outerwear and gloves which exceed corresponding United States exports. Recognizing the adverse effect of imports on United States producers, the Government of Japan voluntarily set a quota limiting shipments of cotton textiles, including knit cotton goods, to the United States.

AGRICULTURE¹

Were it not for exports, American agriculture would literally smother in its own production. Sixty million acres of cropland—1 out of every 5—produce for export. The large flow of agricultural products to customers overseas not only provides additional farm income but also eases the pressure of supplies on the domestic market and strengthens prices.

In the 1956-57 marketing year, we exported \$967 million worth of wheat, \$423 million worth of livestock and livestock products (excluding dairy and poultry), \$367 million worth of soybeans, \$235 million worth of corn, and \$231 million worth of dairy products. Each of these is important to farmers of the State of Indiana.

In terms of the 1956-57 national export total, the proportionate share² of exports in the State of Indiana was over \$50 million for soybeans, nearly \$42 million for wheat, \$24 million for corn, \$21 million for livestock and livestock products (excluding dairy and poultry), and almost \$7 million for dairy products. The proportionate import share amounted to \$19 million for livestock and livestock products (excluding dairy and poultry).

About 244,000 persons in Indiana work on farms, and their need for supporting services creates employment for thousands more. The impact of exports of farm products is broadly reflected throughout the area.

Like all parts of America, the State of Indiana also is an importer of agricultural products—but these are largely tropical or semitropical products not grown here, like coffee, tea, spices, bananas, etc. In addition, there are some imports of competing specialty livestock products, often of fancy grade and higher in price. In balance, however, exports of such products exceed imports.

MINING

According to Bureau of Mines estimates, there are approximately 10,390 persons employed in mining in the State of Indiana.

The attitude of mining companies and labor toward foreign trade varies according to their estimates of the direct economic effects of foreign trade on their products.

For example, some 4,950 persons in Indiana are engaged in the extraction of sand, gravel, stone, natural gas, and other minerals which are not exported in significant amounts, but rather are sold in local markets without significant import competition. Mineral companies and labor in these operations generally are not concerned directly with foreign trade to any appreciable degree.

Some 1,380 persons in the State, however, are engaged in petroleum and they may consider that they are affected adversely by the Nation's imports of crude petroleum, although on the other hand they may benefit

from the Nation's sizeable exports of petroleum products.

On the basis of 1957 data, imports of crude oil into the United States for the full year will be about 386 million barrels, whereas domestic crude oil production was in excess of 2,619,000,000 barrels. Accordingly, the ratio of imports to domestic production was about 15 percent, or 13 percent of total domestic supply. Voluntary actions of importers have kept imports at this level.

Since mid-1954 the administration has had under consideration the complex and difficult questions of the need to limit crude oil imports, the effect upon our foreign and domestic policies if restrictive action were adopted, the selection of a suitable plan to implement the restrictive program, and the administration of the program after it had been adopted.

The cabinet committees which considered these problems agreed that crude oil imports should be reduced and recommended voluntary action by the importers as a means of accomplishing the reduction. For the districts I to IV (the States east of the Rocky Mountains) this action by the importers has been in effect since mid-1955. Beginning in January 1958, it was extended to district V (the Pacific coast States). Accordingly, at this time importers for the entire country are voluntarily controlling their crude oil imports.

This program has had the support of nearly all domestic producer groups and associations. Further, with few exceptions, the importing companies have reduced their imports of crude oil in accordance with the recommendations of the administration. In this connection it is important to note that actual imports of crude oil for the last quarter of 1957 into districts I through IV were below the levels suggested by the administration.

In order to make the voluntary import allocation program more effective the administration took two additional actions during March 1958.

First, for districts I-IV it reduced the import allocations from 782,900 barrels daily to 713,000 barrels daily. The new quota became effective on April 1, 1958 and has the effect of reducing imports to 12 percent of the average crude-oil production in districts I-IV during the last quarter of 1958.

Second, it has incorporated the provisions of the Buy-American Act in the procurement policies of all agencies of the Federal Government purchasing petroleum products in all areas of the United States. Vendors will be required to furnish a certificate that the materials they propose to furnish to the Government, if partly of foreign crude origin, have been or will be imported in full compliance with the voluntary program.

The Nation's exports of the products of petroleum refining in which the producers of crude petroleum may participate indirectly were valued, for example, at \$659.9 million in 1956.

Coal is a major mineral exported. Not all producers export, but all producers and their employees such as the 4,060 persons in the State of Indiana benefit directly by the existence of the large export market which draws off significant amounts of domestic supply and raises prices received by all producers. Thus all producers have a real interest in the Nation's total exports of coal which in 1957 amounted to some 81 million short tons valued at approximately \$829 million. This was a sizable increase over the 1956 totals of 74 million short tons valued at \$732 million.

Certain bituminous coal producers have been prominent in efforts to reduce imports of residual fuel oil, but coal exports for nearly a decade have been more than twice as great as the equivalent coal not con-

sumed domestically because of residual oil imports.

EMPLOYMENT GROUPS (OTHER THAN PRODUCERS OF MOVABLE GOODS)

Foreign commerce has a potentially double impact on the earning activities of people in such industry groups as construction, public utilities, trade, banking, real estate, insurance and public administration.

First, all of the workers and firms engaged in producing movable goods entering international trade are patrons of these services and construction activities. The livelihood of these construction and service activities depends, therefore, on the prosperity of the manufacturing, mining and farming groups to whom they sell their services.

Second, to the extent that international economic transactions pass through their area, persons in the various service and construction activities derive, directly, an extra benefit. This is obvious enough in great trading centers like New York, Chicago, San Francisco, Los Angeles, and New Orleans. It is not always realized, however, how substantial a portion of our foreign economic relations move through communities which ordinarily think of themselves as being concerned exclusively with domestic commerce.

WHOLESALE AND RETAIL TRADE

The direct impact is particularly evident to persons engaged in retail trade. Not only do they see on their shelves the many products of foreign origin, or made with imported materials, whose turnover contributes a valuable share to their operating maintenance; they also see the quick effects on their sales volume when local plant activities or farm sales are stimulated by increased exports. Their stake in foreign commerce is related directly to the stake of the movable goods producers in their area.

The direct benefits received by wholesalers from foreign commerce are just as evident. Wholesalers, of course, gain their livelihood from the retailers whom they supply. The wholesalers benefit from foreign trade, therefore, to the extent that profits received from foreign trade enable the community to purchase more goods from retail outlets.

The greater part of our imports and a high proportion of our exports are foodstuffs and raw or processed materials in bulk, and very large percentages of both imports and exports of such goods are handled by wholesale dealers of one type or another.

In addition, wholesalers handle, between stages of domestic production and processing, enormous quantities of materials either originating abroad or destined ultimately for incorporation in exported products. Moreover, both exports and imports of many manufactured goods are distributed to foreign or domestic markets by export or import houses, jobbers, combination export managers, industrial distributors, or other specialized types of wholesalers.

PROFESSIONAL, BUSINESS, AND RELATED SERVICES

Many professional services—legal, engineering, accounting, advertising, and others—even outside of major foreign trading centers—are rendered directly to persons engaged in international transactions of one sort or another. Persons engaged in professional service activities serve not only regular trade groups but all sorts of other international activities—travel, educational, and technical exchange, firms interested in establishing foreign business connections, foreign firms interested in exploring local connections, and the like. And, of course, professional people receive the benefits of a community made more prosperous through the direct sales of movable goods in foreign trade.

TRANSPORTATION AND COMMUNICATION

In the transportation and communication field the extra impact of international commerce is sizable.

¹ Prepared by the Department of Agriculture.

² Proportionate share for agriculture is computed on the basis of production rather than employment.

International transactions account for a heavy part of the traffic along our roads, railroads, and telephone and telegraph lines—not to mention ocean freight where they account for nearly 100 percent of the traffic. The stake of the transportation industries, however, is by no means confined to freight revenues. United States carriers obtain sizable revenues from the fares paid for both domestic and international transportation by American and foreign tourists and business men traveling to or from foreign countries. Such statistical evidence as is available confirms that the transportation industries, as a group, obtain a larger proportion of their business from foreign trade and travel than do the Nation's manufacturing industries.

In the communications industries, the heavy traffic due to international exchanges stems not only from the business transactions associated with the international trade of their area and of areas whose communications traverse their lines. It is also traceable to a variety of other important international interests—tourists, financial institutions, governmental matters, personal and family contacts; and the whole variety of interests that lead to communication within an area. Telephone calls and cables for foreign destinations originate even in the most remote towns. Each of these must be handled at many places along the route between the United States and foreign points.

In 1956, 305,791,956 words were cabled to foreign countries and another 292,723,140 words were cabled from foreign countries to the United States. In the same year the telephone industry handled 1,507,995 overseas calls.

THE CONSUMER

Everyone, no matter how he earns his livelihood, is a consumer of imports. Without them, our United States standard of living would be very much lower.

Most people realize that imports are important for many common things. Without imports, we could not have coffee, tea, cocoa, chocolate, bananas, pepper, cinnamon, cloves, ginger nutmegs, silk, or natural rubber. For other commonly used things, such as sugar and wool, we would have to raise prices substantially and reduce consumption if we depended entirely on domestic resources. There are many less well-known things which we cannot produce in adequate quantity—many drugs and spices and various kinds of minerals and chemicals.

Beyond the actual value of imports, however, there are a great many items imported for use in industrial processes, sometimes in relatively minor absolute amounts, without which we could not take full advantage of our technical knowledge and engineering skill. Losing these items would cut down production of many manufactured products and reduce quality.

Thus, the basic raw material for our great aluminum industry is largely imported; without it we would have to find substitutes for the many products of daily use and of importance to industry in which aluminum plays a part. The great electronics industry would be seriously handicapped without imports of a number of minerals such as tantalum, and mica. We would be hard put to produce an adequate supply of electric motors without imports of a certain type of graphite from Ceylon. Stainless steel could not be produced without chrome, most of which we import. Our petroleum and chemical industries depend on imports of platinum for catalytic and equipment purposes.

We import almost all of our nickel, most of the fiber for quality rope and binder twine, a third of our paper, all of our shellac, all of our quebracho (which is needed for leather-tanning and oil-drilling purposes), and all of our natural industrial diamonds. There is a long list of such items. Many import items are of such strategic impor-

tance in the production process that the Government has established a national stockpile of them to be available in case imports were to be cut off.

It may be that domestic substitutes could be found for most of the imported commodities essential to our finished product for the consumer and for national defense, but it is most likely the cost of the finished product made with the domestic substitute would be much greater and probably it would be neither as useful nor as acceptable.

In 1956 we imported a total of \$13 billion worth of goods from abroad. These imports were important to every American—not only directly but because they made possible the production of many more billions of dollars worth of the products of American factories, mines, and farms.

SUMMARY FOR STATE OF INDIANA

I. Industries favorably affected by exports: Approximately 423,975 persons, about 73 percent of all persons engaged in manufacturing, are employed by firms falling in 7 major industrial groups.

Transportation equipment

Two hundred and eight establishments employing approximately 92,450 persons.

Proportionate share of Nation's total exports: \$103.4 million.

Proportionate man-years of employment resulting from exports, 4,055.

Products exported nationally affording benefits to the State: Motor vehicles and parts, Pullman cars, aircraft parts, etc.

Essential ingredients imported and percent of total United States supply: Ore imports listed under primary metal industries, plus jute (100), sheet and block mica (95.8), sisal (100), etc.

Machinery (except electrical)

Eight hundred and sixty-eight establishments employing approximately 61,150 persons.

Proportionate share of Nation's total exports: \$91.5 million.

Proportionate man-years of employment resulting from exports, 5,800.

Products exported nationally affording benefits to the State: Tractors, farm implements, construction and mining machinery, power saws, pumps, business machines, household machines, etc.

Essential ingredients imported and percent of total United States supply: Ore imports listed under primary metal industries, plus balsa (100), natural rubber (100), asbestos (94.3), natural graphite (90), etc.

Primary metal industries

Two hundred and thirty-six establishments employing approximately 86,975 persons.

Proportionate share of Nation's total exports: \$72.5 million.

Proportionate man-years of employment resulting from exports, 325.

Products exported nationally affording benefits to the State: Steel mill products, aluminum, copper, brass, etc.

Essential ingredients imported in excess of 50 percent of total.

United States supply: Manganese, chrome, tungsten, beryllium, tantalum, bauxite, nickel, tin, zinc, antimony, cobalt, platinum, etc.

Electrical machinery

One hundred and sixty-six establishments employing over 67,700 persons.

Proportionate share of Nation's total exports: \$45.2 million.

Proportionate man-years of employment resulting from exports, 3,500.

Products exported nationally affording benefits to the State: Motors, electrical control apparatus, appliances, radios, etc.

Essential ingredients imported and percent of total United States supply: Graph-

ite (90), natural rubber (100), sheet and block mica (95.8), asbestos (94.3), as well as ores listed under primary metal industries.

Chemicals and products

Two hundred and forty-two establishments employing approximately 26,300 persons.

Proportionate share of Nation's total exports, \$44.1 million.

Proportionate man-years of employment resulting from exports, 1,580.

Products exported nationally affording benefits to the State: Plastics, synthetic fibers, explosives, drugs and medicines, fertilizer, etc.

Essential ingredients imported: Urea, gum, tragacanth, karaya, ammonia, nitrates, phosphates, oiticica oil, etc.

Food and kindred products

One thousand two hundred and seven establishments employing approximately 48,550 persons.

Proportionate share of Nation's total exports, \$29.2 million.

Proportionate man years of employment resulting from exports, 975.

Products exported nationally affording benefits to the State: Meat products, concentrated milk, cheese, animal feed, canned and frozen fruits and vegetables.

Essential ingredients imported: Ginger, flavorings, coffee, tea, nuts, chocolate, spices, etc.

Fabricated metal products

Six hundred and forty-three establishments employing approximately 40,950 persons.

Proportionate share of Nation's total exports, \$17.8 million.

Proportionate man years of employment resulting from exports, 1,150.

Products exported nationally affording benefits to the State: Boiler parts, metal foil, tin cans, etc.

Essential ingredients imported and percent of total United States supply: Similar to products essential to primary metal industries, plus industrial diamonds (100), etc.

II. Import competition: Following is a list of items, the producers of which in Indiana may be affected adversely by import competition. Each item was discussed in the text and is listed here in summary: Certain types of machine tools, 11 plants; tool and die, undetermined; diamond die, 6 plants; brass tubes, 3 plants; copper and brass rods, 3 plants; copper rolls and sheets, 1 plant; brass sheets, 1 plant; plumbing brass goods, 2 plants; barbed wire and nails, 2 plants; concrete reinforcing bars, 3 plants; hardwood plywood, 3 plants; wool textile mill products, 6 plants; knit goods, 4 plants.

III. Major agricultural commodities produced in the State favorably affected by exports:

Soybeans: State's proportionate share of exports, \$50 million.

Wheat: State's proportionate share of exports, \$42 million.

Corn: State's proportionate share of exports, \$24 million.

Livestock and products (excluding dairy and poultry): State's proportionate share of exports, \$21 million.

Dairy products: State's proportionate share of exports, \$7 million.

IV. Major agricultural commodities produced in the State which may be affected adversely by import competition:

Livestock and products (excluding dairy and poultry): State's proportionate share of imports, \$19 million.

V. Major mineral commodities produced in the State favorably affected by exports:

Coal: 4,060 persons.

VI. Major mineral commodities produced in the State which may be affected adversely by import competition:

Petroleum: 1,380 persons.

Mr. CAPEHART. Mr. President, I also ask unanimous consent to have printed in the body of the RECORD a statement I have prepared on statistics and articles in respect to the amendment which I intend to submit, and which is now at the desk. The amendment is to that portion of the bill which has to do with the study commission, and directs the commission to concentrate as much as possible upon studying the advisability of tariff rates being based on the labor cost of producing articles, respectively, in the United States and in other countries.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CAPEHART

It is my opinion that marked differences in the cost of labor which exist between the United States and most other countries cause or contribute to a condition of unfair competition against labor and industry of this country. Accordingly, the high wages, which constitute strong purchasing power in the hands of this Nation's consumers who in turn stimulate a high level of domestic production and employment, are in jeopardy; and also that there is considerable evidence to justify a schedule of tariffs based at least in part on such differences in labor costs.

Such evidence would indicate further that if the labor cost involved in the manufacture of an article in this country is \$5 whereas the labor cost of the same article in another country is only \$4, the duty should accordingly be \$1. That as the difference in the cost of labor between the two countries decreases, the duty thereon also decreases to the point at which there is no difference in the cost of labor and hence no duty.

I wish to offer an amendment to the reciprocal trade bill, H. R. 12591, and request that it be stated at this time:

Mr. President, section 11 (a) through (h) of H. R. 12591 establishes a bipartisan Commission, provides for its membership, appropriation, and compensation. Section 11 (i) (1) outlines generally the duties of the Commission directing it to investigate and report on the international trade agreement policy of the United States and to recommend improvements in policies, measures, and practices. Section 11 (i) (2) goes on to direct the Commission to consider and report on, without limiting the general scope of the investigation, such matters as the following:

A. Labor hours lost by reason of imports as compared to labor hours gained through exports.

B. The history of the effect of tariff reductions on small business.

C. Anticipated trends of foreign competition and their possible effects.

D. The effect of the inflationary trend of labor and materials and other matters.

It is apparent that the bipartisan Commission, pursuant to the provisions of the bill, has rather broad investigative powers and might very possibly have authority under the provisions of the present bill to conduct such inquiry as is contemplated by my amendment. However, the language of the bill is no more than permissive when in fact the subject matter is of sufficient importance to warrant that it be made directive. The Senate bill purports to establish guidelines and proposed areas of inquiry for consideration of the bipartisan Commission and my amendment merely establishes additional directives for the assistance of the Commission in expressing specifically the feeling and interest of the Senate. The studies proposed by this amendment would necessarily correlate

duties and other import restrictions such as quotas and import taxes to monetary wage rate differences, unit labor costs, unit total costs and general productivity of labor (or the labor input per unit of product). These considerations require an analysis of many other factors of production, particularly capital and natural resources proportions, as well as the technical methods employed in production. The output of an economy and, therefore, the income of its population, reflects the health, training, and skill of its labor force, entrepreneurial abilities, and its stock of capital including natural resources.

The most recent analysis of the effects of United States foreign trade upon domestic employment was made by the Department of Labor for the Commission on Foreign Economic Policy (the Randall Commission) and was published in the staff papers of that Commission in February of 1954. Substantial economic changes since that date, together with anticipated changes effected by reason of the European Common Market and the proposed South and Central American Common Market warrant further study and reevaluation.

The investigation proposed by my amendment will be somewhat complicated, not only by the consideration of differences in monetary wages among individual countries, and among industries within each country, but further because of differences in the nature and method of financing fringe benefits or payments not directly related to time on the job—for example, comparisons must be made to disclose the differences when costs of fringe benefits are largely borne from general taxation as opposed to those in which direct taxes are imposed upon the employer proportionate to payrolls, or if fringe benefits are derived by direct taxes on or contributions by the worker. It will further be necessary to consider the relationship of each country's wage level to its general economic situation.

In order to inform the Senate more specifically of the studies on this subject which have been made in the past, I suggest the insertion of the following materials in my statement at this point entitled "Wages and Productivity in the United States and Abroad," published by the American Tariff League, Inc., February 1958, and "Employment, Wages, and Foreign Trade," contained in chapter IX of the Compendium of Papers on United States Foreign Trade Policy, collected by the staff for the Subcommittee on Foreign Trade Policy of the Committee on Ways and Means:

"WAGES AND PRODUCTIVITY IN THE UNITED STATES AND ABROAD"

"Tariffs relate to wages. In import-vulnerable industries, which tariffs are intended to safeguard, wages, even jobs, are at stake. The reason for the vulnerability is that the cost of the foreign goods is substantially lower than the cost of the competing domestic goods. The purpose of a tariff is to offset some of this difference in cost. Because the cost of goods reflects wages paid it is necessary, in setting rates of duty, to take account of the differentials between wages here and in other countries, and to try to evaluate other elements, such as productivity, that may alleviate or accentuate the effect of these differentials.

"SECTION 1. THE ELUSIVE BUT EVER-PRESENT WAGE DIFFERENTIAL"

"American wages, highest in the world and the envy of labor in every other land, represent an asset in the domestic economy. High wages constitute strong purchasing power in the hands of the Nation's consumers, who in turn stimulate a high level of domestic production and employment.

"Wages, of course, are only one component among unit cost determinants. Other pri-

mary factors such as cost of raw materials, transportation, and overhead, enter in varying proportions depending upon the industry.

"Some industries, known as labor intensive, have a proportionately high input of labor in ratio to the amount of capital invested. Industries such as textiles, garments, lumber and wood products, electrical equipment, and fabricated metals require a relatively heavy labor supply compared to capital investment.

"The National Association of Manufacturers measures the degree of labor intensity in terms of the number of workers per million dollars of capital invested. The NAM notes that the clothing industry employs 300 persons per \$1 million invested, while the automobile industry has 80 workers per \$1 million invested. The latter is called a capital intensive industry.

"Other industries classified as 'labor intensive,' with relatively heavy employment figures, include the leather and leather products industry, with about 240 employees for each \$1 million invested; furniture, about 190 employees for each \$1 million invested; lumber, about 170 workers for each \$1 million invested; textiles, about 140 workers for each \$1 million invested; fabricated metals, about 130 workers for each \$1 million invested.

"These, then, are industries in which labor costs account for a large proportion of total costs. Such industries not only feel a more severe impact from wage increases, but also are more vulnerable to the effects of low wage levels in competitive foreign industries.

"Textiles provide a classic example of this vulnerability. The industry has suffered extensively from excessive imports. Foreign textiles overran the American market because garment manufacturers and other consumers here were attracted by their modest prices, which reflected modest wages, by United States standards, and production costs in foreign factories.

"The 'labor intensive' yardstick is not the only determinant of foreign advantages in the cost-price structure. However, it seems significant that a large number of the United States industries which have reported actual or threatened injury from excessive imports fit into category of 'labor intensive.' For them, particularly, the wage gap remains a dominant factor in international trade.

"How much does foreign labor receive?"

"A major difficulty encountered in computing United States and foreign wage differentials is the scarcity of authoritative data. Although the Department of Labor's Bureau of Labor Statistics compiles much of the basic source information on the subject, it does not guarantee its accuracy or validity.

"The same reservation applies to the American Tariff League's other main source for foreign wage data, the International Labor Office in Geneva.

"Lack of precise information on so-called fringe benefits paid by foreign employers as part of their labor costs, or by foreign governments, presents still another difficulty. Fringe benefits in Western Europe and Latin America, such as family allowances, special bonuses and payments, and social insurance, comprise a substantial part of the worker's take-home pay.

"In spite of these difficulties, all available evidence points to a preponderant gap between American wages and those paid in other countries. Throughout the American Tariff League's research, and no matter where the basic data were discovered, one finding was consistent: 'In only one case—Canada—do foreign wages exceed even 50 percent of the average level of wages paid to the American workingman.'

"Where reliable data made it possible, upward adjustments in foreign wage rates, as listed in tables 46 and 47, were made to reflect payment of fringe benefits. No such

adjustment was made in the United States figure in table 46, although it does include overtime and paid vacations.

"TABLE 46.—Average hourly earnings in industrial occupations

[In United States dollars]

United States.....	2.08
Canada.....	1.59
Sweden.....	0.83
Norway.....	0.72
New Zealand.....	0.70
Switzerland.....	0.63
United Kingdom.....	0.61
Belgium.....	0.56
West Germany.....	0.55
France.....	0.54
Italy.....	0.43
Ireland.....	0.39
Japan.....	0.22

Source: Bureau of Labor Statistics, United States Department of Labor; Statistical Supplement, vol. LXXVI, No. 3, International Labor Review, September 1957; British Ministry of Labor Gazette, vol. LXV, No. 10, October 1957.

NOTE.—Hourly earnings are based on latest available information 1956–57. United States figure is for September 1957. Earnings shown for Norway and Belgium apply to skilled male workers only.

"TABLE 47.—Average weekly wages and hours in manufacturing, 1956

[In United States dollars]

	Wages	Hours
United States.....	\$80.19	40.5
Canada.....	62.20	41.1
Argentina.....	18.69	44.0
Colombia.....	21.89	(2)
Mexico.....	11.10	(2)
India.....	4.74	46.0
Japan.....	11.86	50.2
Austria.....	15.12	45.4
Belgium.....	25.57	48.0
Finland.....	34.65	44.2
France.....	19.98	45.4
West Germany.....	24.88	48.0
Italy.....	14.54	46.0
Netherlands.....	19.39	49.0
Norway.....	31.54	44.0
Sweden.....	37.35	45.0
Switzerland.....	28.85	47.7
United Kingdom.....	34.64	46.0
Australia.....	33.87	40.0
New Zealand.....	39.90	40.0

- 1 Estimated.
- 2 Not available.
- 3 1955 figure.
- 4 Includes family allowances.
- 5 Males only.
- 6 Skilled and semiskilled males only.

Source: Calculated from the International Labour Review, Statistical Supplement, vol. LXXVI, No. 3, International Labour Office, Geneva, September 1957.

"An important addition to the evidence of a substantial wage gap between United States and foreign labor is supplied by the United Nations, which lists the following per capita annual incomes in various countries (figures converted to United States dollars):

"United States.....	1,960
Australia.....	1,032
Austria.....	444
Belgium.....	814
Canada.....	1,335
Denmark.....	770
Finland.....	787
France.....	821
Greece.....	230
Israel.....	557
Italy.....	353
Japan.....	212
Mexico.....	164
Netherlands.....	582
Portugal.....	188
Spain.....	279
Sweden.....	1,101
Switzerland.....	1,092
United Kingdom.....	832
West Germany.....	603

"The national industrial conference board's survey

"At the request of the American Tariff League and others, the national industrial conference board reviewed the economic factors bearing on United States foreign trade. Its preliminary study includes a section describing the response to a field survey of United States and foreign labor costs among 'American producers with manufacturing establishments producing the same or similar products both here and abroad.'

"Table 48 is adapted from the conference board's tabulation of this response.

"TABLE 48.—Comparison of foreign direct labor costs to United States costs

[By number of products reported]

United Kingdom:	
Less than United States.....	31
Same as United States.....	0
More than United States.....	1

Total..... 32

Canada:	
Less than United States.....	14
Same as United States.....	4
More than United States.....	7

Total..... 25

Mexico:	
Less than United States.....	13
Same as United States.....	1
More than United States.....	1

Total..... 15

Brazil:	
Less than United States.....	11
Same as United States.....	1
More than United States.....	0

Total..... 12

Australia:	
Less than United States.....	2
Same as United States.....	1
More than United States.....	4

Total..... 7

West Germany:	
Less than United States.....	6
Same as United States.....	0
More than United States.....	0

Total..... 6

France:	
Less than United States.....	5
Same as United States.....	1
More than United States.....	0

Total..... 6

Argentina:	
Less than United States.....	5
Same as United States.....	0
More than United States.....	1

Total..... 6

Other countries: 1	
Less than United States.....	22
Same as United States.....	2
More than United States.....	10

Total..... 34

Total all countries:	
Less than United States.....	109
Same as United States.....	10
More than United States.....	24

Total..... 143

1 Belgium, Chile, Colombia, Cuba, Holland, Italy, Japan, Peru, Philippines, South Africa, Spain, and Venezuela.

Source: Basic data from the National Industrial Conference Board, the International Economic Position of the United States, December 1957.

"According to table 48, overseas producers turning out 143 different products informed the National Industrial Conference Board that their direct labor costs were less than

those paid by manufacturers of the same products in the United States in more than 75 percent of the cases reported. In only 17 percent of the cases did foreign labor costs exceed United States costs.

"Moreover, the conference board found that: 'In every instance where the labor bill is lower, it is lower by a wide margin. More often than not it is 55 percent or less of similar United States expenditures. This was the situation with just about equal emphasis in Western Europe and Latin America, even though somewhat higher wage scales are paid in the former area. However, the fact that Europe is more extensively industrialized probably brings realized unit labor costs in both regions closer together.'

"The pertinent inference from this summary of our data is that, despite a generally higher degree of mechanization in the United States compared to the rest of the world, the unit cost of labor is higher than it is abroad. The economies made possible through industrialization are apparently not generally sufficiently large to offset relatively low foreign wage rates.'

"The conference board discovered, in addition, that for the cases reported the incidence of less-than United States total production costs was highest in Western Europe, chief trade competitor of United States producers. The incidence of higher costs, counting labor, raw materials, and overhead, was greatest in Latin America, the bulk of whose shipments to the United States are primary products and largely noncompetitive. Cases covering Asiatic countries, including Japan, were negligible in number in this particular study.

"Other cost elements involved

"The conference board also tried to isolate cost elements other than labor that might differ here and abroad. In summary the board, in its preliminary report, observed:

"The influences of the three major cost components—materials, labor, and overhead—upon total unit cost varied sharply. Labor cost per unit was generally and significantly lower than in this country—in 109 out of 158 instances. Overhead was lower in the production of 78 products. On the other hand, direct materials costs were higher in 78 instances. The generally large proportion of the cost dollar accounted for by materials, in short, tended to offset lower labor and overhead costs.'

"It should be emphasized here, however, that the conference board was concerned with the cost of materials to American subsidiaries abroad. In many cases, the conference board learned, these materials are imported from the United States, and their cost is inflated by shipping charges and foreign tariffs.

"The same cost conditions would not necessarily be encountered by foreign-owned factories. In the case of assembly operations, for example, component parts are frequently sent from the parent company in this country to a subsidiary abroad. Foreign producers in most instances would not bear this cost burden.

"Basic wage-gap premise validated

"To repeat, all evidence, regardless of source, confirms the first premise in the wage-gap debate. American wages are at least twice as high as those paid in any other country except Canada, where wage levels are about three-fourths of ours. The only point of issue is whether wage differentials provide an unfair advantage for foreign industries competing in the American market. If the United States could offset the wage gap by proportionately greater productivity, no such advantage would exist. However, as section 2 explains, foreign productivity is gaining steadily.

"SECTION 2. PRODUCTIVITY, THE VANISHING AMERICAN ADVANTAGE"

"While recognizing the existence of substantial differentials between wages here and abroad, some Americans contend that our productivity, technology, and mechanization surpass those abroad and so overcome and purported competitive advantage possessed by low-wage countries. This contention is often made as a statement of universal application, without recognition that individual industries differ in productive potentiality.

"In fact, the validity of these claims has declined in direct ratio to the progress of postwar rehabilitation in the other major trading nations of the world. Today, the productivity gap is a diminishing factor in many situations of international competition.

"It may seem ironical to some that the very nations whose goods are invading the American market in growing volume and which are furnishing stiffer competition for United States products in other markets are generally those whose economies have been enriched by many billions of dollars in United States foreign aid in the past 12 years.

"To express it another way, many United States manufacturers and workers whose heavy tax bills helped rebuild foreign factories and equip them with modern machinery are now watching these same factories and machines, manned by low-wage labor, turn out products at less than United States costs to compete in the American market.

"Since 1950 Western Europe's industrial output has been increasing at a much faster rate than United States production. The United Nations, in World Economic Survey 1956, notes that by 1955 Italy's manufacturing output per man-hour had gained 44 percent over 1950 and Germany's 35 percent over 1950, while the United States increase was only 12 percent.

"It seems logical to conclude that Western Europe's amazingly rapid economic recovery, and postwar resurgence to the front ranks of world commerce, has more than casual connection with the fact that as of December 31, 1956, more than 40 percent of the \$57.6 billion in postwar grants and credits distributed by the United States had gone to Western Europe.

"Climbing productivity in Western Europe is emphasized in recent reports by the Organization for European Economic Cooperation. The OEEC's latest annual report reviews European progress since 1950 and looks ahead to 1960, and a high note of optimism overlays all of its findings:

"The net result of the estimates of labor supply and productivity in that an increase of 17 percent in the gross national product is projected for the 5-year period 1956-60. During the last 5 years, the increase in gross national products was 26.5 percent. Thus a considerable reduction is expected in the rate of growth due largely to the more modest increases in labor supply but also to a lesser extent to a lower rate of productivity growth. For member countries combined, gross national products per man-hour is expected to rise by 14.2 percent over the period 1956-60, compared with an increase of 16.6 percent over 1951-55. Thus, the annual compound growth of productivity for member countries as a whole is expected to be 2.7 percent per year as compared with 3.1 percent during the past 5 years. A rate of 2.7 percent is in itself a fast one, well above the rate of growth in the inter-war period in Europe and it is higher than that experienced in the United States during the last 5 years."

"Elsewhere in its forecast of European economic conditions in 1960, OEEC declares:

"From 1950 to 1955 industrial production rose 38 percent. Over the next 5 years it seems likely that if gross national products increases by 17 percent and the pattern of demand develops as suggested in this study,

industrial production will rise by about 25 percent."

"TABLE 49.—Output per man-hour in manufacturing, 1955
[1950 = 100]

Austria.....	134
Belgium.....	123
Canada.....	113
France.....	133
West Germany.....	135
Italy.....	144
Netherlands.....	124
Sweden.....	115
United Kingdom.....	112
United States.....	112

Source: United Nations

"OEEC also concerns itself with the impact of this expected gain in productivity on international trade. It estimates that exports to the dollar area—which, of course, means primarily the United States—may increase 40 percent over the 1955 level by 1960. In order to achieve such a substantial upturn, OEEC lays down a series of ground-rules:

"First, every possible means of improving Europe's competitiveness must be pursued by measures aimed at raising productivity accompanied by the restraint of inflationary tendencies. Secondly, energetic steps must be taken to maintain and increase the overall mobility of Europe's resources—particularly of manpower—in order to facilitate the rapid expansion of output of certain products such as machinery and equipment, for which the export prospects are most favorable. Thirdly, the importance of invisibles earnings is growing and must not be overlooked. If sufficient efforts are made to expand facilities for tourism and shipping, Europe can considerably increase her receipts from this source."

"Furthermore, OEEC regards such steps as formation of the 6-nation European common market and the proposed free-trade zone encompassing all 17 OEEC members as springboards to still greater prosperity:

"Much progress in liberalizing trade has already been made in the OEEC. Greater freedom of trade in Europe would not only enable fuller advantage to be taken of international specialization but would also stimulate competition and the mobility of economic resources within national frontiers. It would powerfully reinforce domestic policies intended to reduce restrictive business practices and to increase the mobility of labor. The projects for establishing a common market among the six countries, and the steps being taken in OEEC toward the introduction of a free-trade area should give a new impetus to this means of stimulating productivity."

"By way of confirming OEEC's glowing self appraisal, the magazine *Fortune* conducted its own survey of Western Europe's economic rebound from the devastation of World War II and reached much the same conclusion as OEEC. In its issue of December 1957 *Fortune* observed:

"The key to Europe's prosperity is its rising productivity, or output per man-hour. For as yet Europe's population is increasing only half as fast as that of the United States and its labor force is also increasing about half as fast. Thus Europe's progress since 1948 has been, and must continue to be, largely a result of rising productivity. There is plenty of room for productivity to rise. Western Europe employs nearly 31 million people in mining and manufacturing, working an average of about 46 hours a week; the United States, by contrast, employs 17,750,000 in mining and manufacturing, working an average of about 40 hours a week. But they turn out a third again as much as the 31 million Europeans. In other words, European productivity, expressed as industrial output per man-hour, is roughly 40 percent that of the United States—though in many industries the discrepancy is much less.

"The point is, however, that European productivity is at last increasing rapidly—at an average rate of more than 4 percent a year between 1950 and 1955. This is much faster than any previous European growth rate, and faster even than the 3 percent average annual growth, long term, of United States industrial productivity. While such growth cannot be sustained indefinitely, Europe's huge investments will enable its industry to expand fast, if not quite at its 1950-55 rate."

"Europe's wage rates, as noted in table 46, average about 30 percent of United States rates, so that even with an average 40 percent lower productivity, the net cost advantage is Europe's. And, as *Fortune* points out, the advantage is increasing.

"In short, Western Europe, already the hub of world commerce, is girding for greater achievements in years to come. Although the United States outranks any single European nation, or any other nation in the world, as a foreign trader, Western Europe's combined trade constitutes about 50 percent of the world total, or three times that of the United States.

"Obviously, there remains little reason for the United States to consider Western Europe any longer as an impoverished cousin, or as a cluster of picturesque nations beset by chronic political difficulties and dependent on the open-handed paternalism—and rich domestic market—of the United States to scratch out a meager existence.

"Quite the contrary, Western Europe's booming industrial plant already poses a serious challenge to United States supremacy in world trade. This challenge will mount in the years just ahead. To ignore the challenge, or to treat it as a temporary phenomenon that will ultimately yield to American know-how, is to overlook one of the truly amazing economic developments of the 20th century.

"Industrial expansion: A world success story"

"This study concentrates on Western Europe's economic progress because this is the region of main concern to the United States, both as a market for our products and as a competitor in our domestic market and in other markets across the world. This is not to imply, however, that other nations, particularly Japan, are not expanding on a comparable scale.

"As table 50 indicates, many relatively underdeveloped countries are building up their industrial resources in this era of rapid technological advancement. The United States has assisted in this expansion by pumping many billions of dollars in economic aid into underdeveloped countries.

"Japan, of course, ranks among the major industrialized nations of the world. Its industry, highly efficient prior to World War II, has fully recovered from wartime damage, and more and more Japanese manufactures are finding their way into international commerce. Only recently Japan announced plans to push its own entry into the huge foreign-car market in the United States. Watches are another Japanese export product likely to be found competing in the American market, not only against United States watches, but against Swiss.

"TABLE 50.—Index of industrial production
[1953=100]

	1950	1951	1952	1954	1955
World.....	84	91	93	100	110
World excluding United States.....	84	93	95	108	118
United States.....	85	91	94	98	104
Algeria.....	82	96	98	109	120
Tunisia.....	83	93	112	105	130
Argentina.....	105	108	101	108	118
Chile.....	72	83	91	104	102
Mexico.....	89	95	98	106	118
India.....	85	95	98	107	115
Japan.....	55	74	82	108	117
Yugoslavia.....	94	97	94	114	132

Source: From data supplied by the United Nations.

"Japan's industrial acceleration, in some individual industries, is even more remarkable than that of Western Europe. Production in Japanese engineering industries, for example, advanced 59 percent in 1956 over 1955 and its output of passenger cars increased 77.5 percent in the same period.

"Some comments on comparative productivity"

"It is obvious from the foregoing that productivity does not lend itself to easy statistical evaluation, although the scanty statistics do show trends and tend to confirm governmental and news accounts of industrial progress abroad.

"The replies to the National Industrial Conference Board's requests for information on comparative output per man-hour in certain United States and foreign industries are a blend of report and opinion by qualified industrialists with a substantial investment stake in foreign operations. Their responses throw important additional light on this subject. Here are four typical ones:

"There is very little difference in man-hour output of production workers between the plants abroad and those in the United States. What little difference is present is undoubtedly due to the lack of experience on the part of the foreign employees. As for the future, we see no reason why our foreign employees cannot be as productive as those in the United States in our line of manufacture.

"Since the same type of equipment is used in all plants, production output per

man-hour is relatively the same. If new types of equipment are developed, these will possibly be extended to the foreign plants.

"Productivity of the workers in the foreign plant is lower than in United States excepting where units are highly instrumented and automation is employed. This is probably due to general precedent as much as anything. This difference in productivity is rapidly narrowing due to improved plant design and automation.

"Man-hour output in the European countries compares favorably with the United States. Other countries such as South Africa, Mexico, Peru, have a lower man-hour output than United States because of the type of native labor available. This lower productivity in these countries does not materially affect the comparison of differences in unit costs because of the lower wage rates in those countries. We should see a decided improvement in the future due to mechanization and more competent labor."

"The weight of evidence"

"These comments by American businessmen abroad, based on expert, on-the-scene observations, support and augment the statistical findings of the United Nations, the Organization for European Economic Cooperation, and others. The evidence, while not voluminous, points in only one direction: The United States still leads the world in efficiency and rate of output in most industries, but our margin is diminishing as other major trading nations redouble their efforts to catch up.

"TABLE 51.—Changes in industrial production and its major components

(Percentage change from previous year)

	Industrial production	Basic metals	Engineering	Passenger cars	Textiles	Chemicals
United States:						
1954	-7.0	-18.0	-10.0	-9.1	-9.0	
1955	11.8	29.3	10.0	42.5	12.1	12.0
1956	2.9	-1.9	4.0	-26.6	-2.0	5.5
Japan:						
1954	7.6	4.8	-3.4	20.3	7.1	23.4
1955	8.3	13.7	-3.0	56.3	4.9	19.2
1956	21.3	21.6	59.0	77.5	16.4	15.5
Canada:						
1954	-2.0	-6.0	-8.0	-22.4	-14.0	1.0
1955	9.2	18.1	1.1	32.8	15.1	5.9
1956	7.5	9.7	5.1		.7	6.8
France:						
1954	9.0	14.0	4.0	18.6	6.0	16.0
1955	11.0	16.7	20.2	26.4	-3.8	13.8
1956	9.9	5.3	17.6	17.6	8.8	9.1
West Germany:						
1954	12.0	16.0	18.0	40.3	7.0	14.0
1955	15.2	21.6	22.9	36.1	8.4	13.2
1956	7.8	6.4	9.0	20.2	6.0	9.3
United Kingdom:						
1954	7.0	8.0	10.0	29.2	2.0	9.0
1955	5.6	8.3	10.0	16.7	-2.9	6.4
1956		2.4	-11.4	-21.2	-6.6	3.8

Source: Basic data supplied by the United Nations.

"SECTION 3. PRODUCTION FIRST, THEN TRADE"

"The earlier sections of this research report have demonstrated:

"1. Wage differentials between American and foreign workers continue to be substantial.

"2. Productivity here and abroad is approaching uniformity.

"Yet there are variables, country by country, industry by industry, product by product. The National Industrial Conference Board, in summarizing its findings on these points, states:

"In the main, the survey's evidence supports the conclusion that the most significant single determinant of unit cost and its trend is the nature of the specific product. Some products are more cheaply manufactured abroad, some have lower unit costs in this country. The outcome will depend upon a variety of factors, including the relative cost and amount of materials consumed, the degree of mechanization, average capital requirements, the amount of power consumed, and similar determinants."

"It has always been the contention of The American Tariff League that a tariff system should be flexible so as to take account of such variables in the setting of individual rates of duty. The league has applauded the recognition of this philosophy by the Commission on Foreign Economic Policy (Randall Commission) which, in its 1954 report, included this statement:

"One of the essential strengths of our entire economy is the vitality and diversification of our industry. While no clear-cut lines of demarcation can be drawn without overlapping, the submissions made to the Commission indicate that our industry falls into three broad classes.

"The first class is that type of industry, generally referred to, with more or less inaccuracy, as the mass production industries in which for various reasons, methods or processes, size of markets, machinery, or other causes, unit labor costs are generally low here as compared with other countries and little or no problem exists with respect to imports.

"The second class is one in which machinery and production facilities, generally speaking, are identical or at least similar here and abroad. In some of these the same number of man-hours goes into a unit of goods here and abroad; in others the use of labor is less efficient abroad than here and there may be other offsetting cost factors. Whether or not imports may be seriously damaging is dependent on factors which vary industry by industry, but in at least some of these the labor factor is the controlling element.

"The third class is the so-called handicraft type where machinery is a minor element. Here quite obviously, with labor the major cost, imports can be not merely serious but destructive to the domestic industry without a tariff.

"Yet all three classes or types of industry are a necessary part of our total economy, and in all of their variations they must pay wages generally in harmony with the general level of wages throughout the country. We would not have it otherwise; and we do not wish it to happen that the wage level in the third class and in some of the second class should be determined or seriously affected by the wage levels abroad in competitive industries."

"The findings in Research Report 6 of this study show that the above statement has pertinency under today's world conditions. In addition, evidence in the report indicates that the first class of industry described in the Randall Commission statement may be growing smaller and the second class larger as the world becomes more industrialized and mechanized. In other words, the wage differential between United States and foreign production costs is of increasing importance and is creating competitive difficulties for more and more American industries trying to sell their products at home and abroad.

"The question: which comes first?"

"Equally perceptive in its evaluation of the domestic production system as it relates to foreign trade is the following statement by economist and author Claudius T. Murchison. These passages are taken from remarks made by Dr. Murchison before the Subcommittee on Foreign Trade Policy, House Ways and Means Committee, on December 2, 1957:

"From the universal turmoils and maladjustments following the war, there emerged the notion that trade was the predominant fact of all economic life. As the most pressing subject of common interest, it was the focal point of international conferences, agreements, and conflicts. It became the great obsession of the time and, as such, the logical and necessary relationships of trade to the other facts of life were either minimized or largely disregarded.

"The renewal of these relationships now calls for first attention. To accomplish it, we must view trade for what it actually is—a secondary and complementary part of the total economic process. The primary part, which is also the nuclear center and the dynamic element of the total economic process, is the production system. Upon the strength and scope of the production system depend the volume and character of all merchandise trade with other nations.

"Production is the energizing factor of economic life, both internally and externally. In an industrial nation, the forces of progress are weak or strong in proportion to the health and creative powers of its production system. Viewed in all its ramifications, it is, of course, the major source of national income, the wages of labor, as well as the earnings of capital. It is the major foundation and the chief substance of a nation's social savings. It supplies the buying power to sustain consumption of imported products. Thus all effective purchasing power, whether used at home or abroad, is initially derived from domestic production.

"In a worldwide view, production becomes all the more evident as the basic initiating force of economic activity. World consumption is limited and shaped by world production. Trade is only the facilitating implement, the balancing factor, in the distribution of what is produced. In the total economic process, either of a country, or of the world, its role is not that of master, but of servant. Consequently, the first concern and supreme duty of any country is to establish and maintain those conditions which nurture a system of production coordinated to its needs and resources.

"Without the use of this guiding principle, trade policy has no enduring foundation to rest upon, but remains an uncertain, vacillating thing, but eternally rushing from one set of objectives and criteria to another, forever subject to whatever whims, fancies, and inspired visions that may prevail at the moment.

"If concern for the Nation's production system is to become a key principle in the formation of trade policy, it must recognize that the production system is an integrated whole, and is not composed of parts which stand separately. A highly developed industrial economy is an intricate network in its structural relationships and in the interactions of its operations. All of its parts fall into a pattern of mutual dependence. Each unit depends upon others for material, equipment, and supplies; at the same time it depends upon others as market outlets, or as secondary processors."

"The unity of a national economy"

"Dr. Murchison further amplified the interlocking relationship of all segments of our domestic economy, and the mutual dependence of each upon the others, as follows:

"Every enterprise is both a buyer and a seller. The act of buying extends backward in its succession of effects to the basic resource. The act of selling reaches forward through a succession of transactions and further processing, until the final market is arrived at. At each stage in the sequence, the pattern of interaction begins anew. Hence every unit of production, whether it be in industry, agriculture, or mining, is a connecting link in many chains. These chains traverse the entire system and are without end. They bind the economy into a coordinated whole and their united strength at any given time is the measure of a country's economic health and prosperity.

"Technological changes, new commodities, shifting consumer desires, are always forcing readjustments within the system, but they are the manifestations of normal growth. They give more than they take and never break the chains of mutual dependence."

"This awareness that a prosperous total economy requires prosperity among all of its components also is a matter of concern to other observers, including many Members of Congress. In an address in Providence, for example, Senator THEODORE F. GREEN, of Rhode Island, notes that 'it is all very well to talk about the general benefits of imports, but for some, they are not a benefit at all. Some of our citizens are being asked, in effect, to bear a disproportionate share of the burden of what is admittedly of value to the entire Nation. * * *

"Certainly our economy is not static. Businesses are constantly coming into or going out of existence; and they frequently alter their lines of production. Workmen shift jobs. Many factors go into this process of economic change, and foreign trade is one of them. I believe it is the duty of government, however, to see to it that change does not come so rapidly as to create major dislocations. It is also a duty of government to see to it that the burdens of change do not fall inequitably on any particular lo-

cality or segment of the population. That is particularly the case when change is the result of a government policy designed to benefit the whole Nation."

"The true nature of trade"

"In short, United States foreign trade policy, to be truly beneficial, must reflect a firm, frank understanding that the act of exchanging our own products for someone else's becomes significant only to the degree that it serves our national well-being. Trade is not an obligation; it is not a question of trade for trade's sake, but of obtaining those products we need and do not have in exchange for those we have and do not need. Practical application of this principle requires recognition that our highly integrated economy is only as strong as its most vulnerable part, and that in the long run injury to one part is injury to all."

"EMPLOYMENT, WAGES, AND FOREIGN TRADE—UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, SEPTEMBER 1957"

"This memorandum is designed to bring together available information relating to international trade and domestic employment, the quantitative effects of such trade in relation to other factors affecting wages and employment, and the relationship between wage rates, labor productivity, and the movement of international trade.

"INTERNATIONAL TRADE AND DOMESTIC EMPLOYMENT"

"The most recent analysis of the effects of United States foreign trade upon domestic employment was made by the Department of Labor for the Commission on Foreign Economic Policy (the Randall Commission) and was published in the staff papers of that Commission. This study indicated that in 1952 approximately 4¼ million workers in the United States owed their jobs either to making goods for export, processing imported raw materials and semimanufactured goods, or transporting and distributing imported commodities.¹ On the basis of the growth in foreign trade which has occurred since 1952, the Department now estimates that in 1956, this number had increased to about 4½ million workers:

"United States employment attributable to foreign trade in 1956"

1. Exports:	
Nonagricultural workers.....	2,561,000
Agricultural workers.....	602,000
2. Imports:	
Transportation and distribution.....	524,000
Processing imported materials.....	858,000
Total.....	4,500,000

"A comparison of the components of the 1956 estimate with that for 1952 indicates that there was an increase of over 360,000 workers in making manufactured goods for export and over 130,000 workers in handling and processing of imports. This total gain of almost half a million workers has been partially offset by a drop of 265,000 agricultural workers, leaving a net gain of approximately 225,000 jobs in the 4-year period. The decrease in agricultural employment reflects both the increase in productivity of farm labor and the shifts in the pattern of agricultural exports among individual commodities.

"The estimate of 4½ million jobs generated by our foreign trade is, of course, not a complete statement of the effect of foreign

trade on domestic employment. It must be recognized, of course, that some jobs are "displaced" by competitive imports, always keeping in mind that exports must be paid for, in the long run, by imports.

"In its budget request for the current fiscal year, the Department of Labor included funds to carry out the necessary statistical work and analyses to obtain an accurate indication of this 'displacement.' The work, as planned, called for detailed studies of employment changes in individual industries affected by import competition and the determination of the employment losses which could be charged to imports. The House Appropriations Committee recommended that funds be made available for this project, but the final approved appropriations for the Department did not permit undertaking this work. As a result, we are not in a position to submit a concrete estimate of the number of American workers who may have been displaced at any time by competitive imports. In the absence of such concrete estimates it is, however, possible to make some crude estimates which will throw some light on this matter.

"If we assume that all of the United States dutiable imports in 1956 could have been made by American workers, then these imports would have required the full-time services of approximately 1 million workers."

"This figure is obviously much too high for a variety of reasons, none of which can be numerically evaluated at this time. Some of these reasons are:

"(1) Some dutiable imports have a particular appeal because of special characteristics impossible to duplicate here, such as 'native style' handwork, and do not replace American workers.

"(2) Some dutiable imports are used in later stages of processing and are not producible in the United States due to a lack of the basic raw material.

"(3) In some instances where imports are considerably lower priced than United States products, they may find customers in a market which had not and could not be tapped by American production.

"Perhaps a somewhat more realistic method is to consider the employment history of the industries which have filed escape-clause petitions for tariff relief.

"Between April 1948 and March 1957, 74 applications for escape-clause action had been filed with and acted upon by the Tariff Commission. In 49 cases the Commission either (a) found so little evidence of injury caused by imports that the application was terminated or dismissed after only a preliminary investigation or (b) after making a full investigation decided that the affected product was not suffering from import competition and that no tariff relief was justified. Twenty-five reports (involving only 23 commodities since 2 commodities were the subject of more than 1 report in this period) were sent to the President with at least half the Commission recommending Presidential action modifying the tariff.

"During the postwar period, 1947-56, according to data included in the Tariff Commission reports, the peak employment in the plants producing these 23 commodities was 113,000 workers. At the low point for each individual industry, total employment in the plants producing these commodities was 85,000 workers, a drop of 28,000 workers. (See table 1.) This decline, of course, cannot be attributed wholly to imports. In some instances the lowest employment coincided with a year of domestic recession

¹ Staff papers of the Commission on Foreign Economic Policy, U. S. Government Printing Office, February 1954, pp. 373-374. As originally published, the estimate was 4.4 million workers, but the estimate of agricultural workers was never revised.

² This estimate is made by taking the declared value of all dutiable imports, raising this value by 25 percent to cover the costs of insurance and freight and duty, and then dividing the adjusted total by average output per United States worker.

rather than with a peak in imports; in other instances there is strong reason for believing that at least some share of the decline was the result of competition from other domestic products or resulted from changes in consumer preferences. On the other hand, it is recognized that these cases do not encompass all types of complaints or all cases of displacement, but in a field where facts are hard to establish, this source of information should not be overlooked.

"TABLE 1.—*Estimate of total employment¹ involved in escape-clause cases in which the Tariff Commission recommended Presidential action*

Commodity	Highest employment ²	Lowest employment ²	Net decrease
I-A. Tariff action by President.....	36,000	26,000	10,000
I-B. Nontariff action ³	45,000	35,000	10,000
Total.....	81,000	61,000	20,000
II. Rejected by President:			
A. Action recommended by Commission majority.....	13,000	9,000	4,000
B. Commission divided evenly.....	19,000	15,000	4,000
Total.....	32,000	24,000	8,000
Grand total.....	113,000	85,000	28,000

¹ Total employment in plants producing the commodity. The general period covered is 1946-56, but the entire period is not used for each commodity. Unless otherwise indicated, employment data are based on Tariff Commission reports, and the period is determined by the data shown in these reports (both original and supplementary). No commodity is counted more than once (i. e., watches and fish).

² Highest and lowest refer to that portion of the 1946-56 period for which data are available in the Tariff Commission reports.

³ Velvet and lead-zinc.

"Displacement, of course, does not necessarily mean unemployment for the individual worker. The worker may take another job within the same plant, shift to another plant, or, in some instances retire voluntarily. Other studies of worker displacement for all types of reasons, indicate that, in general, workers do shift jobs and find new jobs.

"Some workers, of course, do encounter significant difficulty in shifting jobs within an economy, but a great many shifts take place regularly without major adjustment difficulties. Over 3 million persons, on the average, enter the labor force each month and almost the same number of persons leave. In addition to this large volume of shifts into and out of the labor force, about 800,000 persons in the labor force go from jobs into unemployment status and vice versa. Manufacturers reported almost 600,000 hires a month in 1956 and about the same number of separations. Almost half of the separations were due to workers being laid off their jobs for a variety of reasons. (See table 2.)

"The unemployed, currently about 3 million, is an everchanging group of individuals. Each month one-third to one-half of them find jobs or leave the work force and they are replaced by about the same number of new job seekers. As a result, the long-term unemployed—those who have been looking for work for over 26 weeks—comprise only 5 to 10 percent of the unemployed at any one time.

⁴ Since these turnover data are based on establishment reports covering every day in the month, workers who shift from one plant to another in the same month are counted as a separation in one plant and a hire in the other plant.

"TABLE 2.—*Monthly accessions and separations in manufacturing industries, annual averages: 1947-56*

Year	Monthly average turnover rate (percent)	Average monthly turnover (thousands)
Total accessions:		
1947.....	5.1	780
1948.....	4.4	674
1949.....	3.5	496
1950.....	4.4	659
1951.....	4.4	709
1952.....	4.4	719
1953.....	3.9	672
1954.....	3.0	480
1955.....	3.7	613
1956.....	3.4	575
Total separations:		
1947.....	4.8	734
1948.....	4.6	765
1949.....	4.3	610
1950.....	3.5	524
1951.....	4.4	709
1952.....	4.1	670
1953.....	4.3	741
1954.....	3.5	560
1955.....	3.3	547
1956.....	3.5	592
Quits:		
1947.....	3.4	520
1948.....	2.8	429
1949.....	1.5	213
1950.....	1.9	284
1951.....	2.4	386
1952.....	2.3	376
1953.....	2.3	396
1954.....	1.1	176
1955.....	1.6	265
1956.....	1.6	270

Source: U. S. Bureau of Labor Statistics.

"In the past 10 years total employment in the United States has increased by nearly 7 million despite declines in employment in a number of important industries and increased productivity per worker throughout almost the entire economy.

"The reason that employment has expanded in the face of individual industry declines and large increases in productivity is the tremendous increase in the total output of all United States industries. With output per man-hour in the private nonfarm sector of the economy increasing by about 3 percent per year, an annual average of almost 1.5 million workers (including self-employed and unpaid family workers) would have been displaced, despite a slight decline in weekly hours of work if total output had not increased during the postwar years 1947-56. Actually, output did increase by 44 percent during the period, and employment increased by about 16 percent between 1947 and 1956.

"WAGE DIFFERENCES AND FOREIGN TRADE

"Marked differences in monetary wage levels such as exist between the United States and most other countries are frequently cited as 'unfair competition' and an obstacle to lowering tariffs.⁴ It should be noted that this problem is not limited to the United States but has also risen in the case of the formation of the Benelux Customs Union and the European Common Market, among others.

"The objections arising from wage level differences usually are based on the assumption

⁴ In any consideration of wage level differences between the United States and foreign countries, it must always be kept in mind that the available statistics particularly on foreign wages, do not adequately measure all types of payments for labor made by the producer. Many of the payments not directly related to time on the job are comparatively high in foreign countries, where social security and related fringe benefit programs generally entail costs far greater, relative to basic wages, than in the United States.

tion that monetary wage rate differences accurately reflect differences in either unit labor costs or unit total costs of production. The relationship of wage levels to unit labor costs depends upon the productivity of labor (or the labor input per unit of product). The relationship of wage levels to total costs depends not only on the ratio of wages to unit labor costs but also the ratio of unit labor costs to total costs. This involves all the other factors of production, particularly capital and natural resource proportions, as well as the technical methods employed in production.

"It cannot be concluded that the United States is at a disadvantage in foreign trade because United States wage levels are uniformly considerably higher than those of other countries. The fact that the United States is the ranking export nation of the world, competing successfully in most items in all markets from which its products are not restricted because of exchange problems, is ample evidence that high wage levels in and of themselves are not a deterrent to competition in international markets. Proper evaluation of the comparative level of wages and their effects on the flow of foreign trade requires not only a careful definition of the elements included in wages, but also the addition of information on productivity, and the role of all the other factors of production. The output of an economy and, therefore, the income of its population reflects the health, training, and skill of its labor force, entrepreneurial abilities, and its stock of capital including natural resources.

"Consideration of differences in monetary wages among individual countries, and among industries within each country, is further complicated because of differences in the nature and method of financing fringe benefits or payments not directly related to time on the job. If the customs of a country are such that the costs of fringe benefits are largely borne from general taxation, the absolute level of monetary wages will be different from the case where fringe benefits are financed by direct taxes upon the employer, with these taxes approximately proportionate to payrolls. For example, in Great Britain social-security programs are largely financed by general taxation whereas in France this program is mainly financed by taxes on the employer proportionate to his payroll. A still different level would be expected if the fringe benefits were derived by direct taxes on or contributions by the worker. The range of variability in the direct cost to the employer of these benefits under different types of financing can be approximated from some limited studies of European experience which have been made by the ILO and OEEC. Studies made by these organizations indicate that within Europe direct charges to the employer range up to more than 100 percent of basic wages with the average charge well above that of the United States. All studies indicate that, as one would expect, these costs tend to vary inversely by country with the level of basic wages.

"Finally, comparisons of differences in wage levels among countries must take into account the general economic situation in each country—for example, is one of the countries under inflationary pressures, or suffering from balance-of-payment problems? Comparisons of wage levels between countries can only be made statistically by converting their different monetary units into some common unit. Normally, this is done by using exchange rates as the conversion factor, but this procedure has many defects. Two of the more important of these defects are: (1) Exchange rates may not reflect the differences in the economic situations of the countries as a result of

such factors as exchange controls, quotas, and prohibitive tariffs; (2) exchange rates are determined by a comparison of prices of internationally traded goods and the real purchasing power of the wages in each country may be largely determined by the prices of domestic goods. A more complete description of this problem will be found in the work of Gilbert and Kravis.⁵

"Thus, the major qualifications on using differences in wages as an explanation of the flow of international trade fall into three main categories: (1) Technical differences among countries in the definition of wages; (2) the fact that wages are not necessarily associated with unit labor costs; (3) the relationship of each country's wage level to its general economic situation.

"The problem of measuring international differences in productivity in a way which can be utilized to evaluate the significance of differences in wage levels among countries is extremely difficult, particularly with respect to the availability of reliable data. Appendix 1 to this report describes the major work which has been done in this field, the problems encountered, and the limitations of the results. However, utilizing available data from the United Nations,⁶ it is possible to make some approximate adjustments for productivity differences by taking account of per capita national product in the countries being analyzed.

"The total national product of any country reflects (a) its total population; (b) participation of that population in the labor force and the distribution of the labor force among different types of endeavor; (c) the natural resources of that country; (d) the country's stock of capital, in the broadest sense; and (e) the general level of productivity in that country. If we take into account these differences in per capita national product in comparing wage differentials among the major trading nations of the free world, we get the result shown in chart I. The procedure followed in preparing this chart has been to express all data in terms of United States dollars, converted at official exchange rates. The vertical axis of the chart represents average hourly wages in manufacturing in each country; the horizontal axis, per capita national product. Wherever data permitted, two points have been plotted for each country's wage level: (1) The basic wage, or average hourly earnings figure, in manufacturing; and (2) the basic wage adjusted for fringe benefits or social charges paid by producers. The fact that the points for each country tend to fall along a line which could be drawn between the comparative point for the United States and the zero point on the chart would appear to indicate that wage differences among these specific nations are generally related to their differences in national productivity.

"The general level of nonagricultural wages in these countries appears to be closely related to the country's overall economic position, stage of development, and the distribution of its labor force among industry, service, and agriculture.

"The problems which exist in the comparison of general wage levels are compounded

when an attempt is made to compare differences in wage levels between specific industries in different countries. However, there do appear to be logical grounds for making internal comparisons between industries within a single country to see whether or not the wage levels in its export industries are below some national standard. The Commission on Foreign Economic Policy in its report to the President stated that—

"1. American industry should not be subject to unfair labor standards competition that was in fact unfair.

"2. Mere differences in wage rates did not constitute an indication of unfairness.

"3. The clearest case of unfair wages was one in which the competing industry had standards that were unfair when judged in the light of standards in the economy involved.

"This concept has been adopted by the President and has been applied in the trade-agreements process.

"This same general type of comparison made for national wage levels—that is, adjusting for differences in national income—can also be made for individual export industries. In this case, however, it is necessary not only to reimpose all the limitations involved in comparisons of general wage levels, but also to consider some additional factors which apply to individual industries. Basically these additional factors center around the stage of development of the individual industry and the extent to which any gains in productivity within the industry have been incorporated in wage increases or in price decreases. In this case the procedure followed has been that of comparing the wage levels in the individual exporting industries for each of nine countries with the average wage level in all manufactures in that country. These data, shown in tables 3 and 4, are extremely crude in that they were based upon the information available for each country and usually cover a wide range of products. Professor Kravis' work on the United States patterns has clearly indicated that our export industries on the average tend to be our higher wage industries.⁷ This may well be the case in other countries, but thus far there has been inadequate analysis of this question.

"Many qualifications of the data shown in these tables are required (appendix 2). The data should be adjusted for differences in industry practices, fringe benefits and social charge payments, historical relationships among wage levels in different industries, and the role of collective bargaining in establishing the wage level of an industry, and so forth. In short, it would appear that analysis of interindustry differences both within and between nations requires both additional general data and individual case studies. The Assistant Secretary of Labor for International Labor Affairs, in his position as the United States Government representative on the Governing Body of the International Labor Organization, has formally proposed that the ILO begin a program of pilot studies in this area. If this program is initiated and successfully carried out we may, at a future date, have material which will permit detailed analyses of industries and throw more light on the entire problem of the relationship of wage levels to international trade.

⁷ Review of Economics and Statistics, vol. XXXVIII, No. 1, February 1956.

"TABLE 3a.—Belgium and United States wage levels as percent of all-manufacturing average, selected industries

Industry	Percent
Belgium:	
Textiles.....	87
Nonmetallic minerals; glass.....	96
Art and precision.....	97
Fabrication of articles from common metals (not elsewhere specified).....	95
Melting, casting, rolling, forging, extracting metal.....	120
Fabrication of machines, including electrical and transportation (excluding ship repairing).....	102
All manufacturing.....	100
United States:	
Textile mill products.....	73
Flat glass; glass and glassware, pressed or blown.....	112
Jewelry and findings.....	84
Fabricated metal products.....	104
Primary metal industries.....	119
Machinery (excluding electrical); and electrical machinery.....	107
All manufacturing.....	100

"TABLE 3b.—Canada and United States wage levels as percent of all-manufacturing average, selected industries

Industry	Percent
Canada:	
Meat products.....	104
Grain mill products.....	93
Metal mining, other.....	131
Mining—fuels; oil and natural gas.....	129
Distilled and malt liquors.....	113
Saw and planing mills.....	93
Pulp and paper mills.....	123
Agricultural implements.....	112
Aircraft and parts.....	114
Nonferrous metal smelting and refining.....	123
Chemical products.....	106
All manufacturing.....	100
United States:	
Meat products.....	102
Grain mill products.....	94
Iron mining.....	123
Petroleum and natural-gas production.....	125
Beverages.....	108
Sawmills and planing mills.....	89
Pulp, paper and paperboard mills.....	104
Agricultural machinery and tractors.....	110
Aircraft and parts.....	115
Primary smelting and refining—nonferrous metals.....	112
Chemicals and allied products.....	107
All manufacturing.....	100

"TABLE 3c.—France and United States wage levels as percent of all-manufacturing average, selected industries

Industry	Percent
France:	
Agricultural and food industries.....	87
Chemicals and rubber.....	90
Hides and leather.....	98
Textiles.....	97
Glass, clay, construction materials.....	89
Production of metals.....	81
Initial processing of metals.....	97
Apparel and other products from similar materials.....	94
All manufacturing and trade.....	100
United States:	
Food and kindred products.....	92
Chemicals and allied products; rubber products.....	108
Leather and leather products.....	75
Textile mill products.....	73
Stone, clay, and glass products.....	99
Primary metal industries.....	119
Blast furnaces, steel works, rolling mills.....	127
Apparel and finished textile products.....	73
All manufacturing.....	100

⁵ Milton Gilbert and Irving Kravis, *An International Comparison of National Products and the Purchasing Power of Currencies*. Organization for European Economic Cooperation, Paris, France, chs. I and VI.

⁶ United Nations Publications, Series H.

"TABLE 3d.—Germany and United States wage levels as percent of oil-manufacturing average, selected industries

Industry	Percent
Germany:	
Food industry.....	79
Brewing.....	106
Chemical.....	102
Iron industry.....	134
Nonferrous metals.....	115
Ceramics.....	85
Glass.....	94
Metal fabrications:	
Iron, steel, tin and metal products.....	102
Machine construction.....	113
Ship construction.....	115
Road and air transport and equipment.....	121
Electrotechnical and equipment.....	98
Precision machinery and optical equipment.....	96
All manufacturing.....	100
United States:	
Food and kindred products.....	92
Malt liquors.....	131
Chemicals and allied products.....	107
Blast furnaces, steel works, rolling mills; iron and steel foundries.....	122
Nonferrous metals: Primary smelting and refining; secondary smelting and refining; rolling, drawing, alloying; nonferrous foundries.....	112
Pottery and related products.....	96
Glass and glassware; flat glass.....	112
Fabricated metal products.....	104
Machinery (excluding electrical).....	112
Ship and boat building and repair.....	114
Automobiles; aircraft and parts.....	117
Electrical machinery.....	100
Instrument and related products.....	102
All manufacturing.....	100

"TABLE 3e.—Great Britain and United States wage levels as percent of all-manufacturing average, selected industries

Industry	Percent
Great Britain:	
Cocoa, chocolate, and sugar confectionery.....	82
Other drink industries.....	80
Rayon, nylon, etc., production.....	105
Chemicals and allied trades.....	103
Leather (tanning and dressing), felling-mongery.....	98
Woolen and worsted.....	82
Glass (other than containers).....	107
China and earthenware.....	83
Jewelry, plate and refining of precious metals.....	95
Iron and steel tubes.....	117
Nonferrous metals: smelting, rolling, etc.....	118
Engineering, shipbuilding, and electrical goods.....	108
Manufacture of motor vehicles and cycles.....	135
Manufacture and repair of aircraft.....	123
Clothing.....	77
All manufacturing.....	100
United States:	
Confectionery and related products.....	78
Distilled, rectified, blended liquors.....	106
Synthetic fibers.....	98
Chemicals and allied products.....	107
Leather: tanned, curried, finished.....	94
Woolen and worsted.....	79
Flat glass.....	139
Pottery and related products.....	96
Jewelry, silverware, plated ware.....	90
Blast furnaces, steel works (excluding electrometallurgical).....	128
Nonferrous metals: Primary smelting and refining; secondary smelting and refining; rolling, drawing, and alloying.....	112
Ship and boat building and repair; machinery (nonelectrical); electrical machinery; ordnance and accessories.....	108
Automobiles, other transportation equipment.....	118
Aircraft and parts.....	115
Apparel; footwear.....	73
All manufacturing.....	100

"TABLE 3f.—Italy and United States wage levels as percent of all-manufacturing average, selected industries

Industry	Percent
Italy:	
Canned meats, fish, vegetables.....	84
Silk: Spinning.....	66
Cotton; silk weaving; synthetics.....	81
Wool.....	88
Knitwear and hosiery.....	69
Hats.....	81
Sawmills; wood products.....	72
Metallurgy.....	134
Machinery and electrical apparatus.....	106
Construction of cycles.....	88
Construction of automobiles and aircraft.....	138
Pottery.....	84
Glass.....	106
Chemicals and pharmaceuticals.....	109
All manufacturing industries.....	100
United States:	
Canning and preserving.....	79
Yarn and thread mills.....	68
Broadwoven fabric—cotton, silk, synthetic fiber.....	69
Woolen and worsted.....	79
Knitting mills.....	72
Hats (excluding cloth and millinery).....	82
Lumber and wood; furniture and fixtures.....	88
Primary metal industries.....	119
Machinery (except electrical); electrical machinery.....	107
Other transportation equipment.....	98
Automobiles; aircraft and parts.....	117
Pottery and related products.....	96
Glass and glassware; flat glass.....	112
Chemicals and allied products.....	107
All manufacturing.....	100

"TABLE 3g.—Japan and United States wage levels as percent of all-manufacturing average, selected industries

Industry	Percent
Japan:	
Food and kindred products.....	90
Lumber and wood products.....	74
Chemical and related industries.....	126
Textile mill products.....	58
Stone, clay, and glass products.....	105
Primary metal industries.....	153
Fabricated metal products.....	100
Machinery.....	110
Transportation equipment.....	137
Apparel and other finished products.....	53
Medical and scientific instruments, photo and optical, watches and clocks.....	105
All manufacturing.....	100
United States:	
Food and kindred products.....	92
Lumber and wood products.....	89
Chemical and allied products.....	107
Textile mill products.....	73
Stone, clay, and glass products.....	99
Primary metal industries.....	119
Fabricated metal products.....	104
Machinery (excluding electrical).....	112
Ship and boat building and repairing.....	114
Apparel and other finished textile products.....	73
Instruments and related products.....	102
All manufacturing.....	100

"TABLE 3h.—Netherlands and United States wage levels as percent of all-manufacturing average, selected industries

Industry	Percent
Netherlands:	
Slaughtering, preparation and preservation of meat.....	97
Manufacture of cocoa, chocolate, sugar confectionery.....	95
Pharmaceuticals and dressings.....	95
Textiles.....	103

"TABLE 3h.—Netherlands and United States wage levels as percent of all-manufacturing average, selected industries—Continued

Industry	Percent
Netherlands—Continued	
Metal industry, air, road transport equipment.....	100
Shipbuilding and repair.....	110
All manufacturing.....	100
United States:	
Meat.....	102
Confectionery and related products.....	78
Drugs and medicines.....	98
Textile mill products.....	73
Machinery (excluding electrical); and electrical machinery.....	107
Ship and boat building and repair.....	114
All manufacturing.....	100

"TABLE 3i.—Switzerland and United States wage levels as percent of all-manufacturing average, selected industries

Industry	Percent
Switzerland:	
Clothing and wearing apparel.....	100
Textiles.....	96
Metals and machinery.....	99
Watches and jewelry.....	116
All manufacturing, trade, private transport.....	100
United States:	
Apparel and other finished textile products, and footwear.....	73
Textile mill products.....	73
Machinery (except electrical); electrical machinery.....	107
Watches and clocks.....	91
All manufacturing.....	100

"TABLE 4a.—Belgium and United States wage comparisons for selected industries

Industry	Daily earnings, ¹ 3d quarter 1956	United States cents
Belgium, male production workers:		
Textiles.....	375	
Nonmetallic minerals: Glass.....	418	
Art and precision.....	422	
Fabrication of articles from common metals (not elsewhere specified).....	414	
Melting, casting, rolling, forging, extracting metal.....	521	
Fabrication of machines, including electrical and transportation (excluding ship repairing).....	443	
All manufacturing industries.....	434	
Industry	Hourly earnings, 1956 average	Cents
United States, all production workers:		
Textile mill products.....	145	
Flat glass; glass and glassware.....	221	
Jewelry and findings.....	166	
Fabricated metal products.....	207	
Primary metal industries.....	236	
Machinery (excluding electrical); and electrical machinery.....	212	
All manufacturing.....	198	

¹ Converted at exchange rate; 1 Belgian franc equals 2 United States cents. No information available on hours worked.

"TABLE 4b.—Canada and United States wage comparisons for selected industries

Industry	Hourly earnings ¹ May 1957
Canada, all production workers:	United States cents
Meat products.....	173
Grain mill products.....	155
Metal mining, other.....	218
Mining; fuels; oil and natural gas.....	215
Distilled and malt liquors.....	189
Saw and planing mills.....	156
Pulp and paper mills.....	206
Agricultural implements.....	187
Aircraft and parts.....	190
Nonferrous metal smelting and refining.....	205
Chemical products.....	177
All manufacturing.....	167

Industry	Hourly earnings, 1956 average
United States, all production workers:	Cents
Meat products.....	202
Grain mill products.....	187
Iron mining.....	243
Petroleum and natural gas production.....	248
Beverages.....	213
Sawmills and planing mills.....	177
Pulp, paper and paperboard mills.....	206
Agricultural machinery and tractors.....	217
Aircraft and parts.....	228
Primary smelting and refining—non-ferrous metals.....	222
Chemicals and allied products.....	211
All manufacturing.....	198

¹ Converted at exchange rate, 1 Canadian cent equals 1.0465 United States cents.

"TABLE 4c.—France and United States wage comparisons for selected industries

Industry	Hourly basic wage rates ² (Apr. 1, 1957)
France, ¹ skilled male production workers:	United States cents
Agricultural and food industries.....	55
Chemicals and rubber.....	57
Hides and leather.....	62
Textiles.....	61
Glass, clay, construction materials.....	56
Production of metals.....	51
Initial processing of metals.....	61
Apparel and other products from similar materials.....	59
All manufacturing and trade.....	63

Industry	Hourly earnings, 1956 average
United States, all production workers:	Cents
Food and kindred products.....	183
Chemical and allied products; rubber products.....	213
Leather and leather products.....	149
Textile mill products.....	145
Stone, clay, and glass products.....	196
Primary metal industries.....	236
Blast furnaces, steel works, rolling mills.....	252
Apparel and finished textile products.....	145
All manufacturing ³	198

¹ Data represent Paris area except for production of metals which represents rates paid in the highest wage zone outside Paris.

² Converted at exchange rate, 1 French franc equals 0.2857 of 1 United States cent.

³ Data not available to calculate average for all manufacturing and trade.

"TABLE 4d.—Germany and United States wage comparisons for selected industries

Industry	Gross hourly earnings, November 1956 ¹
Germany, all production workers:	United States cents
Food industry.....	37
Brewing.....	50
Chemicals.....	48
Iron industry.....	63
Nonferrous metals.....	54
Ceramics.....	40
Glass.....	44
Metal fabrications:	
Iron, steel, tin and metal products.....	48
Machine construction.....	53
Ship construction.....	54
Road and air transport and equipment.....	57
Electrotechnical and equipment.....	46
Precision machinery and optical equipment.....	45
All manufacturing.....	47

Industry	Hourly earnings, 1956 average
United States, all production workers:	Cents
Food and kindred products.....	183
Malt liquors.....	259
Chemicals and allied products.....	211
Blast furnaces, steel works, rolling mills; iron and steel foundries.....	241
Nonferrous metals: Primary smelting and refining; secondary smelting and refining; rolling, drawing, alloying; nonferrous foundries.....	221
Pottery and related products.....	191
Flat glass; glass and glassware.....	221
Fabricated metal products.....	207
Machinery (excluding electrical).....	221
Ship and boat building and repairing.....	225
Automobiles; aircraft and parts.....	232
Electrical machinery.....	198
Instruments and related products.....	201
All manufacturing.....	198

¹ Converted at exchange rate, 1 German mark equals 23.81 United States cents.

"TABLE 4e.—Great Britain and United States wage comparisons for selected industries

Industry	Hourly earnings, ¹ October 1956
Great Britain, all production workers:	United States cents
Cocoa, chocolate, and sugar confectionery.....	49
Other drink industries.....	48
Rayon, nylon, etc., production.....	63
Chemicals and allied trades.....	62
Leather (tanning and dressing), fellmongery.....	59
Woolen and worsted.....	49
Glass (other than containers).....	64
China and earthenware.....	50
Jewelry, plate and refining of precious metals.....	57
Iron and steel tubes.....	70
Nonferrous metals: Smelting, rolling, etc. Engineering, shipbuilding and electrical goods.....	71
Manufacture of motor vehicles and cycles.....	61
Manufacture and repair of aircraft.....	81
Clothing.....	74
All manufacturing.....	46

Industry	Hourly earnings, 1956 average
United States, all production workers:	Cents
Confectionery and related products.....	155
Distilled, rectified, blended liquors.....	210

"TABLE 4e.—Great Britain and United States wage comparisons for selected industries—Continued

Industry	Hourly earnings, 1956 average
United States, all production workers—Con:	Cents
Synthetic fibers.....	195
Chemicals and allied products.....	211
Leather: Tanned, curried, finished.....	187
Woolen and worsted.....	157
Flat glass.....	275
Pottery and related products.....	191
Jewelry, silverware, plated ware.....	178
Blast furnaces, steel works (excluding electrometallurgical).....	253
Nonferrous metals: Primary smelting and refining; secondary smelting and refining; rolling, drawing and alloying.....	222
Ship and boat building and repair; machinery (nonelectrical); electrical machinery; ordnance and accessories.....	213
Autos; other transportation equipment.....	234
Aircraft and parts.....	228
Apparel; footwear.....	145
All manufacturing.....	198

¹ Converted at exchange rate, 1 British penny equals 1.167 United States cents.

"TABLE 4f.—Italy and United States wage comparisons for selected industries

Industry	Hourly basic wages, ¹ June 1956
Italy, all production workers:	United States cents
Canned meats, fish, vegetables.....	27
Silk; spinning.....	21
Cotton; silk weaving; synthetics.....	26
Wool.....	28
Knitwear and hosiery.....	22
Hats.....	26
Sawmills; wood products.....	23
Metallurgy.....	43
Machinery and electrical apparatus.....	34
Construction of cycles.....	28
Construction of automobiles and aircraft.....	44
Pottery.....	28
Glass.....	34
Chemical and pharmaceuticals.....	35
All manufacturing industries.....	32

Industry	Hourly earnings, 1956 average
United States, all production workers:	Cents
Canning and preserving.....	157
Yarn and thread mills.....	134
Broadwoven fabric—Cotton, silk, synthetic fiber.....	137
Woolen and worsted.....	157
Knitting mills.....	142
Hats (excluding cloth and millinery).....	103
Lumber and wood; furniture and fixtures.....	174
Primary metal industries.....	236
Machinery (except electrical); electrical machinery.....	212
Other transportation equipment.....	193
Automobiles; aircraft and parts.....	232
Pottery and related products.....	191
Flat glass; glass and glassware.....	221
Chemicals and allied products.....	211
All manufacturing.....	198

¹ Converted at exchange rate, 1 Italian lira equals 0.16 of 1 United States cent.

"TABLE 4g.—Japan and United States wage comparisons for selected industries

Industry	Hourly earnings, ¹ April 1957
Japan, all production workers:	United States cents
Food and kindred products.....	17
Lumber and wood products.....	14

"TABLE 4g.—Japan and United States wage comparisons for selected industries—Con.

Industry	Hourly earnings, April 1957
	United States cents
Japan, all production workers—Continued	
Chemical and related industries.....	24
Textile mill products.....	11
Stone, clay, and glass products.....	20
Primary metal industries.....	29
Fabricated metal products.....	19
Machinery.....	21
Transportation equipment.....	26
Apparel and other finished products.....	10
Medical and scientific instruments, photo and optical, watches and clocks.....	20
All manufacturing.....	19

Industry	Hourly earnings, 1956 average
	Cents
United States, all production workers:	
Food and kindred products.....	183
Lumber and wood products.....	176
Chemical and allied products.....	211
Textile mill products.....	145
Stone, clay, and glass products.....	196
Primary metal industries.....	236
Fabricated metal products.....	207
Machinery (excluding electrical).....	221
Ship and boat building and repairing.....	225
Apparel and other finished textile products.....	145
Instruments and related products.....	201
All manufacturing.....	198

¹ Converted at exchange rate, 1 yen equals 0.2778 of 1 United States cent.

"TABLE 4h.—Netherlands and United States wage comparisons for selected industries

Industry	Hourly earnings, ¹ October 1955
	United States cents
Netherlands, male production workers:	
Slaughtering, preparation, and preservation of meat.....	38
Manufacture of cocoa, chocolate, sugar confectionery.....	37
Pharmaceuticals and dressings.....	37
Textiles.....	40
Metal industry, air, road transport equipment.....	39
Shipbuilding and repair.....	43
All manufacturing.....	39

Industry	Hourly earnings, 1956 average
	Cents
United States, all production workers:	
Meat.....	202
Confectionery and related products.....	155
Drugs and medicines.....	193
Textile mill products.....	145
Machinery (excluding electrical); and electrical machinery.....	212
Ship and boat building and repair.....	225
All manufacturing.....	198

¹ Converted at exchange rate, 1 guilder equals 26.32 United States cents.

"TABLE 4i.—Switzerland and United States wage comparisons for selected industries

Industry	Hourly earnings, ¹ October 1955
	United States cents
Switzerland, male production workers:	
Clothing and wearing apparel.....	76
Textiles.....	73
Metals and machinery.....	75
Watches and jewelry.....	88
All manufacturing, trade, private transport.....	76

Industry	Hourly earnings, 1956 average
	Cents
United States, all production workers:	
Apparel and other finished textile products; and footwear.....	145
Textile mill products.....	145
Machinery (except electrical); electrical machinery.....	212
Watches and clocks.....	181
All manufacturing ²	198

¹ Converted at exchange rate, 1 Swiss franc equals 23.27 United States cents.

² Data not available for calculation of average for all manufacturing, trade and transport.

"APPENDIX I

"INTERNATIONAL COMPARISONS OF PRODUCTIVITY

"Postwar interest has led to a number of attempts at measurement of the levels and rates of growth of productivity in different countries. Attention has been directed to all three types of measures: Individual plant comparisons; physical productivity in groups of industries, and overall gross national produce measures. All the studies stress the difficulties involved in making international comparisons and the tentative nature of the conclusions to be drawn.

"Among the problems are: Lack of output and man-hour data for many countries; comparability between output and man-hour data; nonhomogeneity of product between countries; differences in the structure and degree of integration of firms in different countries; valuation of services in each country; and conversion of values of output or expenditure into standard currencies.

"It is not surprising that such studies as have been made are studied with words of caution concerning the conclusions. These range from Rostas' 1948 warning that his figures can at best give only an approximate picture of the position to the footnote to the table in the eighth OEEC report published in 1957, that the very tentative nature of these calculations must be stressed. These strictures should be kept in mind in appraising the summary of material that follows:

"1. MANUFACTURING

"The United States and England, long the most industrially advanced of the nations and for both of which are available relatively large amounts of data, are the subjects of one of the earliest and one of the latest of the studies.

"(a) Dr. L. J. Rostas' study of the prewar (1935-39) relationship of the productivity of the manufacturing sector in the United States and the United Kingdom was based on an analysis of the physical output of 33 comparable industries accounting for two-fifths and one-half, respectively of the net output of manufacturing in the 2 countries. He concluded that the United States physical output per man-hour was 2.8 times that of the United Kingdom. He also indicates, on the basis of admittedly meager statistics, that a United States advantage of varying degrees was also present in the manufacturing sector.

"(b) Mr. Frankel in his study, based on 1947 census data for the United States and 1948 census data for the United Kingdom found only 30 reasonably homogeneous industries constituting only 13 and 16 percent of value added in manufacturing in the United States and the United Kingdom. In only one of these and in one subgroup of another, did the physical output per man-hour of the United Kingdom exceed that of the United States. No weighted average is shown but the United States/United Kingdom ratio ranges from 1 to 5.

"2. GROSS NATIONAL PRODUCT

"Physical measures have the same shortcoming for economic analysis in international comparison as within the domestic economy and, as a result, there has been a great deal of interest in making comparisons on a net product basis. Among the factors affecting the gross national product type measure are the relative importance of high and low value-added-per-man-hour industries, the proportion of the population employed and relative importance of income from foreign investments.

"Unfortunately no comparison of the levels, of gross national product per man-hour are published. Most of the work in this field has been directed to obtaining comparable estimates of GNP which involves difficult conceptual problems as well as the currency conversion difficulty. Gilbert and Kravis have, however, developed some estimates of per capita GNP in selecting European countries relative to the United States.

"3. RATE OF CHANGE

"The relative position of the United States and other countries as to the levels of productivity is influenced by the rates of growth in productivity in these countries. The rates of increase in productivity in the United States and other countries in the world in the 20th century was investigated by MacDougall. After a lengthy presentation of historical statistics covering almost all the developed countries he concluded that, contrary to the commonly held impression, the output of food, raw materials and manufactures per head of population have increased no faster in the United States than in the rest of the world as a whole in peacetime years * * * and further than this conclusion 'seemed to be largely unaffected if output were reckoned per man-hour since there is no clear evidence that leisure had increased faster in the United States than elsewhere.'

"A great deal of the pre-1939 data presented by MacDougall is based on the estimates by Colin Clark. These show that during the period 1924-39 the average an-

nual rate of increase in real national products per man-hour worked for the United States was 1.8, a rate below 10 other nations in Europe, Africa, and Asia.

"Additional data on movements of output per man-hour are presented by OEEC to indicate the relative progress of member countries. In the sixth report, however, the United States is included in a comparison which indicates that United States productivity has increased faster since prewar than any member country but that a large part of the difference has been due to the influence of the war. There are indications in the eighth OEEC report, however, that the year-to-year changes in output per man-hour in manufacturing from 1952 to 1956 in some member countries have equaled or exceeded those in the United States.

"4. REASONS FOR DIFFERENCES

"Many factors influence the productivity levels of different countries but there is scant statistical evidence for confirming the relationship between individual factors and the level of productivity. Furthermore the relative importance of the factors will vary among countries depending upon the composition of the country's output.

"Among the factors frequently cited as contributing to the growth of United States productivity are availability of natural resources, size of market, size of plant, capital investment per worker, standardization of product, specialization of labor, managerial organization, and social attitudes toward competition and technical innovation. These factors are not easily separable since the existence of some follows from the others.

"In Mr. Frankel's study he attempted to relate the few of these factors that are measurable to the differences in the United States and United Kingdom productivity by industry, market size, plant size, and equipment differences. It was his conclusion that while all of these contribute to the United States advantages in productivity there is no clear-cut relationship between each of these factors and productivity for the individual industries included in the study. That is, the industries for which the United States/United Kingdom ratio of productivity were highest were not necessarily those with the greatest United States/United Kingdom difference in plant size, market size or equipment.

"The less tangible factors of organization and attitude have been emphasized by many writers including the members of the United Kingdom productivity teams that visited the United States after the war.

"APPENDIX II

"WAGE OR AVERAGE EARNINGS STATISTICS AND NONWAGE LABOR COSTS, SELECTED COUNTRIES

"BELGIUM

"The statistics present average gross earnings of production workers employed in manufacturing industries. They include payments in kind, paid holidays, profit shares, and bonuses. The averages are presented separately for male and for female workers. "The averages are computed from data on total payments made to workers covered by the social-security system and on the total number of 'days remunerated' as supplied by employers at the end of each quarter to the National Social Security Office. Such reporting is required by law. Counted as a 'day remunerated' is any day or part day for which the worker is paid. The daily earnings reported do not represent workdays of a uniform length, therefore. [Due to the lack of statistics on hours actually worked, it is not possible to adjust for these differences.]

"Nonwage costs are estimated to add approximately 25 to 30 percent to average earnings. Over two-thirds of these additional

costs represent employer contributions to the social insurances and family allowance payments. Payments for days not worked account for the remainder.

"CANADA

"The statistics report average gross earnings of full- and part-time production workers, including apprentices and working foremen paid on the same basis as production workers. Piece-rates, incentive pay, and special payments like cost-of-living allowances which are made at regular and frequent intervals are included in the averages. Excluded are the value of payments in kind and any bonuses which may be paid at infrequent intervals.

"The averages are calculated from data on gross wages paid and on total hours paid for, including hours credited to workers on leave with pay, as this information is supplied by establishments employing 15 persons or more.

"Additional nonwage costs to the employer are low. Payments for days not worked are included in the averages as published, while family allowances, old-age pensions, and health programs are financed, not by taxes levied specifically for those programs, but through general taxation.

"FRANCE

"The statistics present average wage rates paid production workers 18 years of age and over. Any bonuses which are applicable alike to all workers in a given establishment are included. The averages are given separately for men and for women workers in each of 5 wage zones and 5 skill groups; no averages covering both sexes, or the entire country, or all skill groups are computed.

"The data are assembled at the close of each quarter by the Ministry of Labor and Social Security by means of questionnaires sent to all privately operated establishments employing more than 50 workers and to about one-half of those with from 10 to 50 workers. Excluded from coverage are enterprises in the nationalized sector of the economy, many of which are large and relatively high-wage establishments. Somewhat more than two-thirds of all production workers are represented in the statistics.

"At infrequent intervals, the Ministry of Labor and Social Security assembles information on the relationship between average earnings and the wage rates reported in its quarterly surveys. Principally because the standard workweek is 40 hours and most plants regularly operate on an overtime basis, the premium payments which are not included in the official wage statistics represent an important element in most workers' take-home pay. In October 1955 average earnings were reported to range from a low of 4 percent above average wage rates in the case of workers in the apparel industry to a high of 34 percent for chemical and rubber-industry workers.

"The employer's nonwage costs represent an additional expenditure amounting to from 40 to 45 percent of the amounts paid out in wages. One-third of these additional expenditures take the form of special bonuses and payments for time not worked. Most of the remainder represents payroll taxes and employer contributions to finance the social insurances and family allowances. A small amount, not exceeding 3 or 4 percent of wages, finances supplementary services and benefits relating principally to health and recreation.

"GERMANY (FEDERAL REPUBLIC)

"The statistics report gross earnings of production workers of all ages. Included in the averages are bonuses and family allowances. Not included are profit shares, reimbursement for tools, uniforms, travel, etc., and payments in kind.

"The averages are based on data relative to total wages paid and total hours paid for,

including paid holidays and vacations. All establishments are required by law to submit this information, on request, to local statistical services which in turn forward it to the Federal Statistical Office. The sample from which such information is requested 4 times a year consists of establishments employing 10 or more persons, and covers well over 90 percent of all production workers employed in industry and construction.

"Since the earnings statistics include family allowance payments and since they are averaged from data on hours which include paid leave, some 10 percent of the employer's nonwage costs are included in figures reported. Additional nonwage costs, representing social-insurance assessments and fringe benefits afforded workers on a voluntary basis, amount to about 25 or 30 percent of earnings.

"UNITED KINGDOM

"The official statistics give average gross hourly earnings of manual workers in manufacturing industries. They include overtime, premiums, bonuses, etc., paid to minors as well as to adult workers. Home workers are not covered.

"The averages are calculated from information on total man-hours worked and total wages paid which is submitted semi-annually to the Ministry of Labor by manufacturing establishments. For the most part, the firms from which this information is requested 4 times a year consists of establishments employing 10 or more persons, and covers well over 90 percent of all production workers employed in industry and construction.

"Nonwage costs incumbent on employers in manufacturing industries approximate 10 to 15 percent of the amounts paid out in wages. Half or more of these additional costs represent payments for time not worked on holidays and during vacations. Employer assessments to help finance the social-security system are relatively low compared to assessments in other European countries, principally because much of this program is financed through general taxation rather than through employer contributions earmarked for this purpose.

"ITALY

"The statistics represent average wage rates paid production workers of both sexes and all ages. Included are cost-of-living allowances and payments in kind.

"The averages are computed from information which the local offices of the Ministry of Labor and Social Security assemble by questionnaire. In the case of one-third of the industries covered the surveys include all operating establishments; for the remainder only those establishments employing at least 10 production workers are included. Altogether, approximately 55 percent of all production workers employed in Italian industry are covered. Questionnaire returns are checked each month by inspectors of the Ministry of Labor who investigate a random 3-percent sample.

"The relationship between average wage rates and total costs to the employer for each man-hour worked may vary greatly from one month to another because of the incidence of paid holidays and vacations and the practice of periodically paying very substantial bonuses. Prorated over the course of a year, employer costs which are not directly associated with time spent on the job have been calculated to equal between 65 and 70 percent of the amounts expended in the form of basic wages. Special bonuses and the cost of paid holidays and vacations make up somewhat more than one-fourth of these additional payments, and employer assessments for social security family allowances and related programs account for nearly three-fourths.

"JAPAN"

"The statistics present average monthly gross earnings of manufacturing production workers employed either on a permanent basis or else for at least 18 days in each of the 2 preceding months. Included in the averages are overtime pay, incentive pay, premiums, bonuses, and, in most instances, family allowances. Any payments in kind that may be made are not taken into consideration. The earnings of foremen, supervisors, and similar classifications are not included.

"The data are compiled from replies to questionnaires sent each month by the Ministry of Labor to a sample of industrial firms. The sample is made up, for the most part, of firms employing 30 or more workers, but to the extent that it may be necessary to enlarge it in order to obtain data for 50 percent of all production workers in the country, it may include smaller establishments as well. [Data on hours worked which are assembled in the same way have been used to reduce to hourly averages the statistics on monthly earnings which are reported in the official series.]

"Fringe benefits which are not reflected in the averages for each month are substantial. The largest single item is a bonus paid at mid-year and again in December or January; averaged for all private firms and governmental institutions, the semiannual bonuses total somewhat more than 2 months' pay per worker per year. In addition workers receive pay for generous amounts of leave for sickness, vacations, holidays, and contingencies like marriage, maternity, deaths of relatives, voting. Those employed in large cities may receive special area allowances to offset higher living costs. Many large industrial firms normally furnish housing for a substantial number of their employees. An assessment amounting to 2.5 percent of payrolls is paid by employers to help finance social insurances. Altogether, these non-wage payments which the employer makes have been estimated to amount to from 35 to 50 percent of base wages.

"NETHERLANDS"

"The statistics present average gross hourly earnings of adult production workers, including working foremen and related workers like maintenance and delivery personnel. Excluded are administrative and sales personnel, and employees whose functions are exclusively supervisory. The averages are presented separately for male and for female workers.

"The hourly averages are computed from data on total wage payments and on total hours worked during 1 week in October of each year, as reported to the Central Bureau of Statistics by questionnaire. In most industries, only large and medium-sized establishments are surveyed in this fashion; in a few where small enterprises occupy an important place, establishments employing 10 or fewer workers are included as well.

"Nonwage costs to the employer not reflected in these statistics amount to about 35 percent of the payroll. About half of these additional expenditures represent employer contributions to family allowance funds and to social insurances. The remainder represents payment for vacations and holidays not worked, plus a payroll tax of about 4 percent.

"SWITZERLAND"

"The statistics give average gross hourly earnings of industrial production workers. They cover all types of payments made to workers, including family allowances and payments in kind. Averages are presented separately for 4 groups of workers: Skilled adult males, semiskilled, and unskilled adult males, adult female workers, and young workers under 18 years of age.

"The averages are computed annually for one pay period each October, on the basis

of information on total payments made and total hours worked which is assembled by the Government by means of questionnaires. An attempt is made to obtain complete coverage of all manufacturing establishments.

"Family allowance payments comprise less than 1.5 percent of the earnings figures. Other nonwage costs incumbent on the employer but not reflected in the earnings statistics equal about 10 percent of the amounts paid out in wages. Of this, approximately 6 percent covers the cost of paid holidays and vacations, and the remainder represents social-insurance assessments."

It is apparent to me, in closing, that these materials point up the basic complexity and need for further and current strides on this subject.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the body of the RECORD telegrams and letters I have received from persons in Indiana in favor of the reciprocal trade bill.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

BLOOMINGTON, IND., July 16, 1958.

Honorable Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

HONORABLE SENATOR CAPEHART: For many years I have followed the progress of the reciprocal-trade program, the principles of which provide a sound basis for expanding United States exports and for healthy international economic relationships.

I urge you to support the bill as it was passed by the House, and vote against the amendments of the Senate Finance Committee to cut the extension to 3 years and to limit the negotiating authority. Even the House bill is not as strong as it might well be, but any further weakening will cast serious reflections on the sincerity of American pretenses, and support an expanding international trade program.

Very faithfully yours,

MARION H. GOTTFRIED.

LEAGUE OF WOMEN VOTERS,

Shelbyville, Ind., July 17, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR HOMER: We favor, and hope you do, 5-year extension Trade Agreements Act as passed by House. Indiana will benefit via trade through St. Lawrence waterway.

Sincerely,

ROSALIE ADAMS.

LEAGUE OF WOMEN

VOTERS OF MICHIGAN CITY,

Michigan City, Ind., July 17, 1958.

Hon. HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: We strongly approve a 5-year extension of the Trade Agreements Act and hope you will support the bill as passed by the House.

Sincerely,

MRS. SIDNEY ABEL,
President.

INDIANAPOLIS, IND., July 16, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Deeply disturbed over Trade Agreements Act as reported out of committee. Hope you will vote to amend and restore bill to House version so that our international trade will not become more restrictive.

MRS. LOUIS MARKS,
National Council of Jewish Women.

CLINTON, IND., July 15, 1958.

Hon. HOMER CAPEHART,
Senate Building,
Washington, D. C.

HON. SENATOR CAPEHART: I urge you to support bill H. R. 12591 for 5-year extension with no crippling amendments.

Sincerely,

G. ROY STULTZ.

CLINTON, IND., July 15, 1958.

Senator HOMER CAPEHART,
Senate Building,
Washington, D. C.

SENATOR CAPEHART: I urge you to support bill H. R. 12591 for 5-year extension with no crippling amendments.

LOREN C. SHEW.

CONNERSVILLE, IND., July 15, 1958.

Mr. HOMER CAPEHART.

DEAR SENATOR: According to A. F. B. F. policy and speaking for 840 members of Fayette County Farm Bureau, am asking you to support bill H. R. 12591, for a 5-year extension without any crippling amendments.

Respectfully,

Mrs. PAUL KIDD.

JEFFERSON TOWNSHIP,

Logansport, Ind.

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

DEAR SENATOR: I hope you will vote for the reciprocal trade agreements extension for 5 years, if there are no crippling amendments.

Sincerely,

CASS COUNTY FARM BUREAU,
GUY R. BROOKIE.

SHANKS MOTOR Co.,

Terre Haute, Ind., June 21, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: It has come to our attention that the reciprocal trade agreements are currently slated for congressional review. May we take this opportunity, as midwestern business men and retailers, to register our support for the reciprocal trade agreement program. We are, in other words, in favor of a renewal of the 1953 Trade Agreements Act which is now expiring.

We have sold and serviced American cars for over 35 years and feel that the influx of European cars will actually strengthen all our automobile industries in the long run.

We are also aware of the fact that the dollar volume of the United States auto exports in 1957 was four times as great as the value of automobile imports. If we are to support an automobile export market of this magnitude, we cannot, at the same time, restrict the importation of a reasonable volume of European automotive products.

We will appreciate your consideration of our views in this matter.

Yours very truly,

JAMES W. SHANKS,
Vice President.

JULY 15, 1958.

Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: I am very much concerned over the amendments voted by the Senate Finance Committee to the Trade Agreements Act (H. R. 12591). As you are aware, their effect would be to cripple the bill and destroy much of its effectiveness as the keystone of our foreign trade policy. I hope that you will do everything in your

power to secure passage by the Senate of the bill in the form it was passed by the House.

Sincerely yours,

MIRIAM S. FARLEY.

INDIANAPOLIS, IND., July 15, 1958.

Hon. HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: I am sure I don't need to urge you to support the 5-year extension of the reciprocal trade agreements, but did want to let you know I appreciate your help and your vote in getting this bill passed in substantially the same form as passed by the House.

Many of us here hope the bill will come through without alteration.

Sincerely yours,

LOWELL I. THOMAS, M. D.

BLOOMINGTON, IND., July 15, 1958.

The Honorable Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: Will you please give your consideration to the Reciprocal Trade Agreements Act as it has been passed already by the House of Representatives.

It is vitally important to proper and workable trade relations between the United States and the rest of the world to have this Reciprocal Trade Act, and it most certainly should be extended for the full 5-year period. A 5-year span is a rather short period of time in the economic affairs of the world of nations.

Sincerely yours,

CHARLES S. MILLER.

BLOOMINGTON, IND., July 15, 1958.

Hon. HOMER E. CAPEHART,
United States Senate,
Washington, D. C.

SIR: Kindly vote to restore the Reciprocal Trade Act to the form in which it was passed by the House. I deeply appreciate your voting against the revised act which makes it far from adequate in the eyes of President Eisenhower.

I appreciated the talk you gave on Russia here on the Indiana campus last winter.

Sincerely,

FRANCES N. HALL
(Mrs. Ford P. Hall).

LEAGUE OF WOMEN VOTERS OF INDIANA,
Indianapolis, July 11, 1958.

The Honorable HOMER E. CAPEHART,
United States Senate,
Washington, D. C.

DEAR SENATOR CAPEHART: I have not written you in the past few months because I did not want to overburden you with needless correspondence. We knew that you knew of the league's deep concern over adequate funds for foreign economic aid and our hope that the Congress would pass a 5-year extension of the Reciprocal Trade Agreements Act without crippling amendments. We were certain also that we could count on your firm support of these measures.

However, the events of the past few weeks have precipitated the possibility of a real crisis in our whole foreign economic policy, and we do want to urge that you exercise the full strength of your leadership and prestige on two matters of great importance to us:

1. When, last week, the House passed the Mutual Security Appropriation but sustained the \$872 million cut recommended by the House Appropriations Committee, we were particularly concerned about the \$325 million cut in the Development Loan Fund. We know that you have been a particular proponent of the kinds of loans authorized under the loan fund, and feel sure that we can count on your hearty support for restoration of this cut in the Senate. We agree completely with the President that there "will be important losses for the free world and a seri-

ous decreasing of the security of the United States" if this cut is sustained.

2. I see by this morning's paper (and I have only the newspaper report) that the Senate Finance Committee has recommended extension of the Reciprocal Trade Agreements Act for only 3 years, instead of the requested 5, and that the President's power to overrule the Tariff Commission has been curbed. The League of Women Voters strongly opposes these efforts to weaken the act. We believe in the necessity of a 5-year extension so that our Government is authorized to negotiate and to plan negotiations within the timetable set up for tariff reductions by the Common Market. It is our understanding that it would be impossible for the United States to complete its negotiations with that community before 1962 at a minimum.

As to curbing the President's power to overrule the Tariff Commission, it is our feeling that the President's power must be maintained, so that he may act in the interests of all Americans and not be bound by Tariff Commission findings of damage to one group whose complaint has been investigated. What happens when we raise tariffs to protect one segment of our economy affects exporters, the workers they employ, the United States consumer (long overlooked), and our friends abroad whose economies largely depend on what they export to the United States. All these factors must be considered by the President, and we feel that we cannot afford to weaken the President's powers in this area.

Of course, you know about our longstanding support for such things as trade and foreign economic aid. However, we do feel it important at this time for those of us who feel as we do to reaffirm our positions. Moreover, it is our confirmed opinion, from our experience over the years, that sentiment in Indiana is definitely changing, and that there is an increasing interest and awareness among large segments of the community in the need for a forward-looking and dynamic United States foreign economic policy. This was certainly evidenced, to mention only one instance, at the World Trade Conferences in Indianapolis last month. Perhaps this only proves that you and we have been on the right track all along, and that we can look toward an ever enlightened public opinion in Indiana to support this policy.

Good luck to you. We do hope that you can, with good conscience, work to strengthen the two measures we have mentioned above, and particularly in the areas we have outlined.

Sincerely,

MRS. JOHN A. CAMPBELL,
State President.

SEVENTH DISTRICT
INDIANA FARM BUREAU,
Farmersburg, Ind., July 11, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: I am very much interested in bill, H. R. 12591, the reciprocal trade agreements extension bill which you will have the opportunity of voting on next week. I am urging your support of this bill for a 5-year extension, with no crippling amendments.

Very truly yours,

MRS. PEARL FIDLER,
District Farm Bureau Women's Director.

VANDERBURGH COUNTY
FARM BUREAU, INC.,
Evansville, Ind., July 12, 1958.

Hon. HOMER E. CAPEHART,
The Senate, Washington, D. C.

DEAR SENATOR CAPEHART: In behalf of the 1,856 members of the Vanderburgh County Farm Bureau, I would like to urge you to vote in favor of the reciprocal trade agree-

ments extension bill for a 5-year extension with no crippling amendments.

All of our people with no known exception feel that business would profit by the passage of this bill and that with improvement in conditions in backward countries there will come a larger market for all of our United States products.

Again I wish to express the appreciation of the farm people for your work in matters pertaining to the welfare of agriculture.

Sincerely yours,

LAWRENCE STAHL,
Chairman.

FOUNTAIN COUNTY FARM BUREAU,
Crawfordsville, Ind., July 11, 1958.

HOMER CAPEHART,
Senator from Indiana.

DEAR SENATOR: Please support reciprocal trade bill, H. R. 12591, when it comes before the Senate. Thanks.

CARLOS HOPKINS,
Vice President.

PINE VILLAGE, IND., July 11, 1958.

DEAR SENATOR: Concerning bill, H. R. 12591: While I admit you are in position to know more about it than I, from the position of a Hoosier farmer it looks that an extension would be good.

Yours truly,

HARRY LITTLE.

DANVILLE, IND., July 12, 1958.

Hon. Mr. HOMER E. CAPEHART.

DEAR SIR: Please support bill, H. R. 12591, for a 5-year extension, with no crippling amendments. Thanking you.

Very truly yours,

ORVILLE APPLIGATE.

MUNCIE, IND., July 11, 1958.

Hon. HOMER CAPEHART,
United States Senate,
Washington, D. C.

MY DEAR MR. CAPEHART: As an American citizen who has spent some time teaching in the Philippines and in Lebanon, I have some understanding of the economic conditions that exist in the Far East and the Middle East.

May I urge you to—

1. Vote for the reciprocal trade agreement that is now before Congress?
2. Support the move, if it becomes necessary, to restore the 5-year plan instead of the 3-year extension?
3. Oppose all efforts by the opponents of the bill to weaken it on the floor or in any other way?

Very truly yours,

MARY BELMANS.

MUNCIE, IND., July 11, 1958.

Senator HOMER CAPEHART,
Washington, D. C.

DEAR MR. CAPEHART: This is to request your very careful consideration to and support for the trade bill which the Senate is to consider for action in a few days. May I request your support for these items:

1. The extension of the trade bill.
2. Restoration of the 5-year period.
3. Opposition to all moves on the floor to weaken the bill.

We all realize any legislative action on this matter is extremely important, and I shall be appreciative of all consideration and support you can give.

Respectfully yours,

ELEANOR BLY.

THE INDIANAPOLIS
CHAMBER OF COMMERCE,
Indianapolis, Ind., July 14, 1958.

Hon. HOMER CAPEHART,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: We sincerely appreciate the effort you are making in getting

Senate approval of H. R. 12591 without amendments.

The statement made by telephone to your office this morning by Preston G. Woolf, president of the American Beverage and Supply Corp., also a vice chairman of our world trade committee, confirms the fact that we urge favorable consideration and passage of the Reciprocal Trade Agreements Extension Act, as proposed by President Eisenhower and recently passed by the House of Representatives.

Business firms in Indianapolis are vitally concerned in having their foreign markets increased, not decreased, as only they can by renewal of this bill for a 5-year period. We consider it extremely important in the maintenance of trade and friendly relations between the United States and other countries of the world.

Yours sincerely,

WILLIAM H. BOOK,
Executive Vice President,

WEST LAFAYETTE, IND., July 15, 1958.
The Honorable HOMER E. CAPEHART,
United States Senate,
Washington, D. C.

MY DEAR SENATOR CAPEHART: In view of the international situation, I think it is very important that foreign nations be able to earn dollars in the United States by selling products to us. Countries that cannot sell to the United States will inevitably be drawn into the Communist order. I am, therefore, very interested in the successful passage of the trade agreements bill, H. R. 12591, without crippling amendments. I am writing to you because I think that our country's interest lies in the integration of the other free economies with our own, although this may have damaging effects on particular industries. This, it seems to me, is the price we have to pay for leadership in world economy.

Very cordially yours,

E. T. WEILER.

COLUMBIA CITY, IND., July 14, 1958.
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: I hope you can support H. R. 12591 that already has passed the House. We farmers know the need of this bill as four-fifths of all agricultural exports move to trade agreement countries. We also know that 4½ million families depend on foreign trade for their livelihood, so it is not only of vital interest to farmers but to everybody.

I want to thank you for helping defeat the omnibus farm bill, but retaining some of the needed bills and getting them passed.

Yours sincerely,

THOMAS W. WESTERN.

GREENCASTLE LEAGUE OF WOMAN VOTERS,
Greencastle, Ind., July 14, 1958.
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: I would like to call your attention to two bills which will come before the Senate and in which the Greencastle League of Women Voters is vitally interested.

First, the members of the Greencastle League of Women Voters support wholeheartedly the 5-year extension of the Trade Agreements Act as passed by the House (H. R. 12591). Our objective study of United States trade policy has led us to the conclusion that the United States needs a stable trade policy, one that our industries and other countries can depend on for a sufficient period of time to do sound planning. We believe that the President should make decisions in escape clause cases. He is in a position to see the total effect—at home and

abroad—of any change in trade policy. Therefore, we urge respectfully your support of a 5-year extension of the Trade Agreements Act with authority of the President to decide on escape clause cases.

Secondly, the Greencastle League is concerned about S. 1411, a bill passed by the Senate on August 8, 1957. It concerned the loyalty-security programs and permitted suspected employees to remain on the job while investigations and hearings were being conducted. As passed by the House, this bill was amended by substituting H. R. 981 which reextends the coverage of the Federal loyalty-security programs to both sensitive and non-sensitive positions. It is this substitute which we are opposing. In our study and discussion of the loyalty-security programs, our members expressed very definitely the opinion that these programs should be limited to sensitive positions. In the case of nonsensitive positions, the individual can be removed under regular civil-service procedure. We think that the programs will be more effective and more economically administered when applied to sensitive positions only. Since laws already exist to keep Communists out of government, this legislation is not needed for authority in this matter. Therefore, we respectfully urge you to oppose S. 1411 as passed by the House if it is referred back to the Senate.

Sincerely yours,

Mrs. JOHN RICKETTS, President.

EXPORT MANAGERS CLUB
OF CHICAGO, INC.,
Chicago, Ill., July 15, 1958.

Hon. HOMER E. CAPEHART,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: It is our opinion that the trade agreements extension bill passed by the House 317 to 98 on June 11 is a fair reflection, whereas the version reported out by the Senate Finance Committee on July 10 is a deplorable distortion of the position of the American people on the issue of our basic trade law. It is our hope, therefore, that the Senate will see fit to rewrite the bill in accordance with the mandate of the people, who overwhelmingly favor a trade policy in the national interest.

As the largest group of executives in charge of exports and international operations in the country taking a stand on matters of trade policy, we appeared before the House Ways and Means Committee and the Senate Finance Committee. Our testimony is spread on the record, along with that of some 300 other witnesses who dealt with all aspects of the issue. We presented what we considered sound economic and business reasons in support of the administration-sponsored trade bill.

This final appeal is based on our conviction that America still has a mission to fulfill as the leader of the free world. This mission is to promote peace through prosperity. It can be implemented only by creating a trading system permitting every nation to procure its requirements in exchange for what it can sell in the world market. If we fail in this mission, the world economy will disintegrate into regional blocs, with the United States winding up in third position. We just cannot believe that the role of leadership, which we assumed in 1934, will end in 1958.

The key to the kind of future most Americans want is a trade law that clearly indicates that we wish to do business with the rest of the world. The House-passed bill represents a minimum in this respect, and we earnestly request your support of a similar Senate bill.

Sincerely yours,

C. C. CRITTENDEN,
President.

CHICAGO ASSOCIATION
OF COMMERCE AND INDUSTRY,
Chicago, Ill., July 15, 1958.

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: My wire to you today, as vice president for World Trade of the Chicago Association of Commerce and Industry, was sent you because Lake County, Ind., is, as indicated in the third paragraph and on the map at the bottom of page 1 of the enclosed statement and below, a part of the Chicago metropolitan area.

The statement by Richard Revnes, director of service of this association, before the Senate Finance Committee in support of H. R. 12591, on June 26, 1958, sets forth the reasons why we believe the Reciprocal Trade Agreements Act should be extended in the form in which the bill passed the House.

It is hoped that your study of the matter will prompt you to support vigorously this legislation as desired by the administration, without the Kerr amendment and for 5 years, with authority to reduce tariffs in accordance with the provisions of the House bill.

Very sincerely yours,

JACK L. CAMP,
Vice President for World Trade.

STATEMENT OF RICHARD REVNES, DIRECTOR OF SERVICES, CHICAGO ASSOCIATION OF COMMERCE AND INDUSTRY, IN HEARING BEFORE THE FINANCE COMMITTEE OF THE UNITED STATES SENATE, WASHINGTON, D. C., IN SUPPORT OF H. R. 12591, JUNE 26, 1958

My name is Richard Revnes. I am director of services of the Chicago Association of Commerce and Industry. I appear on behalf of the association to present its views on H. R. 12591, the bill to renew the Reciprocal Trade Agreements Act.

The Chicago Association of Commerce and Industry is a voluntary organization of individuals, firms, and corporations, organized and existing under the laws of the State of Illinois. It has 6,106 member organizations. Through committees and a professional staff of more than 100 individuals, these member organizations work together to improve the Chicago metropolitan area's commercial, industrial, and civic operations. Although the name of our organization is the Chicago Association of Commerce and Industry, it functions as the chamber of commerce for the Chicago metropolitan area.

The Chicago metropolitan area has been designated as such by the Bureau of the Census, United States Department of Commerce, and comprises an area including 5 counties in Illinois and 1 county in Indiana. In this area are included, in addition to Chicago, approximately 180 suburban or satellite communities, among them such important industrial towns and cities as Gary, Hammond, Aurora, Elgin, Cicero, Skokie, and Waukegan.

Within this area are located 14,000 manufacturing establishments, in which a total of about three million people are employed. The population of the area is approximately 6,400,000. The Chicago metropolitan area is comprised of 3,617 square miles, an area larger than the combined States of Delaware, Rhode Island and the District of Columbia.

The Chicago Association of Commerce and Industry endeavors to promote the growth and stability of business in the Chicago metropolitan area and improved legislation that forms the framework within which the area's business operates.

The association was founded in 1904. Funds to carry on its operations come from voluntary membership dues paid by Chicago business firms and professional men and women. About 1,600 members serve on a wide variety of permanent or special com-

mittees. Each committee is composed of persons chosen for their standing in the community and for their wide knowledge in some particular field of business or civic endeavor. Specific examples of this committee activity are the work of the World Trade Committee, the Canadian-American Trade and Industry Committee, the Transportation Committee, the Harbors and Waterways Committee and the Aviation Committee.

As set forth in the 1957-58 Annual Report—Committee Directory submitted with my written statement, the committees, officers and directors of the association represent a broad cross-section of the area's commerce, industry, and civic organizations.

The association has supported the reciprocal trade agreements program since its inception, being among the first two chambers of commerce in the United States to record that support. Upon the occasion of each previous renewal of the Reciprocal Trade Agreements Act, the association committee concerned, and the association's board of directors, have considered the legislation proposed and have reaffirmed support of the program.

In arriving at our decision to support the Reciprocal Trade Agreements Act, due consideration is given to the widely varied and sometimes conflicting interests of our membership. The consistency of the actions of our committees and boards of directors, representing widely divergent interests, over the period of the last 25 years, demonstrates, I believe, that our support of this legislation is sound and reflects the thinking of the majority of the association's membership. The most recent reaffirmation of this association's approval of the Reciprocal Trade Agreements program was by the unanimous vote of our board of directors.

The Chicago Association of Commerce and Industry makes the following recommendations with respect to H. R. 12591, which would extend the Reciprocal Trade Agreements Act:

1. That the act be renewed for the period of 5 years proposed in the bill before you. It is our considered opinion that 5 years is the minimum time necessary for the United States to develop a policy and carry out negotiations with the important new European Common Market.

2. That the President be granted authority to reduce tariffs on a gradual and selective basis, in return for concessions by other countries, as provided for in H. R. 12591.

Foreign trade is vital to the expanding economy of the Chicago area and all of Mid-America. Although it is not possible to determine the exact extent of the total exports of this area under methods used to compile foreign trade statistics, various studies give some indication of its volume. According to the 1954 Census of Manufacturers, the Chicago metropolitan area ranked first among metropolitan areas in the production of primary metals, fabricated metals, and non-electrical machinery; second in foods, electrical machinery, chemicals, printing and publishing, furniture and fixtures, and paper.

The Department of Commerce, conducting an exhaustive research into the impact of foreign trade on various geographical areas of the United States, reports that in Cook County, 1 of the 6 counties in the Chicago metropolitan area, about 461,000 workers participate in the benefit of such trade. About 60 percent of all those employed in manufacturing in Cook County are in firms falling into 5 major manufacturing classifications: fabricated metal products, non-electrical machinery, printing and publishing, food and kindred products, and electrical machinery. The county's proportionate share in United States exports of these 5 groups amounted to over \$400 million in 1956. Cook County establishments in these industry groups engage directly in foreign

trade, but this is only part of the picture. Many of the county's products are exported as component parts.

According to the 1954 census of manufacturers, there are over 1,000 establishments in Cook County engaged in producing food and kindred products, employing about 95,000 people. Food and kindred products accounted for more than \$1 billion worth of exports nationally in 1956. Cook County's share of these exports is estimated at \$60 million.

Approximately 112,000 persons were employed by 581 Cook County firms in the production of electrical machinery at the time of the Commerce Department survey. In 1956 total United States exports of electrical machinery exceeded \$921 million. Computed on a per employee basis, Cook County's proportionate share of these exports is an impressive \$102.8 million. The county was responsible for more than one-tenth of the exports of electrical machinery in 1956, on a proportionate share basis.

The Commerce Department survey also shows that 1,571 firms in Cook County producing nonelectrical machinery employ a total of more than 106,000 persons. In 1956 the national total for exports of nonelectrical machinery was nearly \$3 billion. Cook County's share, computed on a proportionate basis, is better than \$194 million.

In printing and publishing, better than 75,000 persons are employed in Cook County. Nationally, the United States exports printed and published materials valued at close to \$100 million. In this field the most important consideration is not export, but import. These industries in Cook County have a large stake in foreign commerce because approximately 80 percent of the newsprint consumed in the United States is imported. These printing and publishing houses are also using inks manufactured with imported dyes and type facings made of imported alloys.

In fabricated metal products there were in 1956 1,751 firms in Cook County employing about 83,000 persons. The national total for exports of fabricated metal products that year was \$443 million. Computed on a per employee basis, this would give Cook County a proportionate share of exports in this classification of nearly \$34 million. It is estimated that there are in the Chicago metropolitan area more than 2,000 firms engaged in exporting, including close to 200 export sales organizations, which handle the foreign sales of manufacturers not having their own export divisions.

The Middle West is the source of an estimated 40 percent or more of United States exports, agricultural and manufactured. In an exhaustive export survey which the association is now completing, we mailed approximately 6,000 questionnaires to firms in the States of Illinois, Indiana, Iowa, Nebraska, and Kansas, and parts of Minnesota, Wisconsin, Michigan, Kentucky, Tennessee, Arkansas, Colorado, South Dakota, and Wyoming, believed to be actively engaged or interested in export activity. The geographical area covered in this survey is shown on the questionnaire which is submitted as part of this statement.

Up to the present time, 557 firms have completed or partially filled in and returned the questionnaire. On the basis of such returns, it would appear that 4,500 to 5,000 companies in the area shown are actively engaged in exporting. Of the 557 firms that furnished information, 521 reported exports in 1956 of 2,967,223 tons, of which 1,766,116 tons were manufactured goods and 1,201,107 tons, agricultural products, coal, minerals, cotton, etc.

Dollar value totaling \$873,255,000 was reported by 429 of the 557 firms. If all 557 companies had reported both tonnage and dollar value figures, it is conservatively estimated that the total tonnage and dollar

value of the 1956 exports of these firms would be 3,172,226 tons and \$1,133,800,000.

A recent survey completed by the United States-Japan Trade Council reports that the 5 States of Illinois, Indiana, Ohio, Michigan, and Wisconsin accounted for \$309 million of sales to Japan in 1957. This surpassed all other regions of the United States.

The growth of import activity in the Chicago metropolitan area in recent years is reflected by the increase in the number of importers, import agents and brokers in the area. The records of our World Trade Division disclose that in 1950 there were 483 such firms and individuals; in 1954, 823; and currently more than 1,200. These include manufacturers that import raw materials and component parts used in the fabrication of their products, wholesalers which distribute throughout the area, and retailers such as our major department stores, which sell through their own outlets.

Forecasts by responsible governmental and private institutions as to the volume of waterborne commerce, foreign and domestic, expected to move by the St. Lawrence seaway when the project and connecting channels are completed range from 37 million to 46 million tons. In metropolitan Chicago, two additional waterway projects—port development in the Lake Calumet area by the Chicago Regional Port District, and at the mouth of the Chicago River by the city, and the widening of the Sag Channel connecting Lake Calumet with the Chicago Sanitary and Ship Canal and the Illinois River—are underway. Within 1 year after completion of the various projects, scheduled for 1962, it is estimated that overseas cargo of all types moving through the port of Chicago should increase to at least 1,500,000 tons.

We have estimated that within 15 years after the completion of the 3 projects mentioned, new investment in industrial plant facilities will reach \$10 billion. Within this same period it is anticipated these new industries will provide jobs directly and indirectly for several hundred thousand workers, including 40,000 jobs directly connected with water transportation. The estimate, therefore, of 1.5 million tons within 5 years after the seaway is completed is believed to be conservative.

All of the present facts and future projections make it clear that the already important international commerce of Chicago and the Middle West requires the continuance and extension of a foreign economic policy that will result in the maintenance and expansion of world trade. The United States consistently exports more than it imports. If we are to continue to have an export business that provides jobs for millions of United States workers without underwriting indefinitely, through foreign aid, the difference between our foreign sales and our imports; if we want to bring back to this country, in dollars, the earnings on investment abroad; we must make it possible for other nations to market in this country raw materials and finished products which we need and want.

Preceding witnesses have presented in detail testimony that renewal of the Reciprocal Trade Agreements Act in an effective manner is essential to our national economic and political interests, that the jobs provided by our exports, and imports of needed commodities, far outnumber those adversely affected by the importation of a comparatively small amount of competitive foreign goods.

The reciprocal trade agreements program is a basic cornerstone of our foreign economic policy. The Chicago Association of Commerce and Industry, therefore, strongly urges that the act be extended in an effective form. H. R. 12591, providing for a period of 5 years and negotiated, reciprocal duty reductions but with provisions for defense essentiality protection and relief from undue import competition, should be passed without

amendment. This, we believe, is in the best interest of not only our members and area but of the entire United States.

ELWOOD, IND.

Senator HOMER E. CAPEHART,
Washington, D. C.

DEAR SENATOR: I want to thank you for the support you have given farmers in the past. And again we are asking you to vote for the reciprocal-trade bill and for a 5-year extension with no crippling amendments. Thank you again.

Sincerely,

Mrs. ARTHUR ETCHISON,
Farm Bureau Women's Leader of
Madison County.

THE INDIANA COUNCIL OF UNITED
CHURCH WOMEN,
Indianapolis, Ind., July 15, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: I am writing to express concern over the reciprocal trade agreements bill, H. R. 10368, as it has come from the Senate Finance Committee.

As you know, the Indiana Council of United Church Women has had a long time interest in reciprocal trade agreements, both because we believe that trade is essential to our own national welfare, and because as Christians we believe we have an obligation to foster the kind of trade that will help other countries build sound economies.

We especially dislike the amendments that would require congressional approval of a presidential overruling of the Tariff Commission; that would bar the yearly cumulative increases in the percentages by which the President might reduce tariffs; and the cutting of the extension from 5 years to 3.

We trust you will use your influence to have the bill passed by the Senate as it came from the House.

Thank you.

Sincerely yours,

Mrs. MERTON GOOD, *Chairman*.

JEWISH WAR VETERANS OF THE
UNITED STATES OF AMERICA,
Washington, D. C., July 14, 1958.

Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: Our organization feels that when you are debating and voting on H. R. 12591, the bill to extend the reciprocal trade agreements program, you are dealing with the national security of our country in its broadest terms. That includes not only our military strength and domestic well-being but also the domestic well-being and the military strength of our allies and of the other nations of the world which are on our side of the Iron Curtain. This thought is more fully developed in the testimony which I gave before the Finance Committee. A copy is attached. I shall appreciate your reading it and considering it carefully.

In view of that testimony given in behalf of the Jewish War Veterans of the United States of America, you can imagine how greatly we are alarmed by the amendments which the Finance Committee has made in H. R. 12591. May I respectfully urge you to eliminate from the Finance Committee's bill, the amendments relating to the escape clause procedure, the change from 25 percent to 15 percent in the authority to reduce tariffs, the cut from 5 years to 3 years in the extension and the so-called national security amendment. In all these instances, you will be protecting the national security of our country by eliminating the Finance Committee's amendments. Please reinstate the language in H. R. 12591 as it came to the Finance Committee.

With all good wishes;

Cordially,

BERNARD WEITZER,
National Legislative Director.

STATEMENT BEFORE THE SENATE FINANCE COMMITTEE, BY BERNARD WEITZER, NATIONAL LEGISLATIVE DIRECTOR, JEWISH WAR VETERANS OF THE UNITED STATES OF AMERICA—TRADE AGREEMENTS EXTENSION ACT OF 1958, H. R. 12591, JUNE 26, 1958

On behalf of the Jewish War Veterans of the United States of America, I am happy, once again, to express appreciation for the opportunity to present to your important committee, our views on the Trade Agreements Extension Act which you are now considering. This time, as on previous occasions, I appear before this committee by the authority of the strongly worded resolution passed by our national convention. The following resolution was passed at our 62d annual national convention:

"Whereas the Reciprocal Trade Agreements Act comes before the Congress for renewal in the 2d session of the 85th Congress; and

"Whereas in its functioning through the General Agreement on Tariffs and Trade, this act has proved notably successful in promoting American exports and our foreign trade as a whole and minimizing the frictions and restrictions which occasionally develop in the course of trade; and

"Whereas we have long recognized that the exchange of imports and exports with our friendly world neighbors is an important factor in our own economic and political well-being as well as theirs and moreover, contributes to our joint national security; and

"Whereas we have regularly supported the reenactment of the Trade Agreements Act as a practical means of facilitating imports which produce the dollar exchange to pay for American exports to these foreign countries; and

"Whereas the proposed Organization for Trade Cooperation will make even more productive, the objectives of the reciprocal trade agreements program and the General Agreement on Tariffs and Trade: Now, therefore, be it

"Resolved, That the Jewish War Veterans of the United States of America in 62d annual national convention assembled at Boston, Mass., August 12-18, 1957, do commend the administration for the manner in which it has conducted the operations of the Reciprocal Trade Agreements Act of 1955 and the negotiations conducted under the General Agreement on Tariffs and Trade; and be it further

"Resolved, That we urge the 85th Congress to authorize a renewal of the Trade Agreements Act for a period of not less than 3 years, to include in the legislation authorization for the Organization for Trade Cooperation and to refrain from tariff legislation which interferes with the functioning of the Reciprocal Trade Agreements Act."

The membership of our organization made up of men and women who have served in our Nation's Armed Forces, principally as citizen soldiers, sailors, and airmen, having largely returned to their civilian pursuits, continue their keen interest in our national security. They recognize the importance of maintaining our own military strength and that of our allies in deterring war against us by a strong, shrewd, potential enemy—Soviet Russian and its Communist satellites. Our membership is equally aware that the military deterrent must be matched in strength by a sound productive economy in our own land and in all those lands which have not been sucked into the Communist orbit. To maintain that strong productive economy and to complete our national security, the continuation of the reciprocal trade agreements program is more imperative, today, than ever.

The activities of the states in the Soviet bloc, under Kremlin leadership, in pushing for expansion of their foreign trade and their economic penetration in the free world, evidence their determination to compete in that area. Failure to continue our foreign trade policies as exemplified in the reciprocal trade agreements program would serve admirably

to advance the Communists' trade objectives and to undermine our own strength.

As one looks over the figures of our export and import trade during the years 1950 through 1957, the flow of products back and forth is powerful evidence of the profitable returns to ourselves and to the nations with whom we have traded. During 1957, our exports mounted to a rate of more than \$21 billion and our imports were in the neighborhood of \$13 billion. Roughly, for every \$2 of imports, there were \$3 of exports. From their natural resources and other materials plus productive powers of their working people, these foreign lands fashioned the products which they shipped to us and thereby obtained the dollar exchange which went far to permit them to pay for American products which required the work of approximately 4½ million American citizens.

We, in our country, secured goods which in many cases, are vital to our industry and to our national defense and which are lacking or extremely scarce in our own country. Other items in our imports enabled our people to enjoy some extra satisfaction in their daily living and to secure more economically, what they wanted. Our own exports provided in other lands, even more importantly, needed goods and materials which are essential to daily life and which stimulated their industries. Thus our own Nation and all the nations with whom we traded as a consequence of our reciprocal trade agreements program enjoyed the benefits of the type of partnership from which all benefited and which strengthened all. This has been particularly important to many of the newly independent nations striving for a sound economy in order that their social and political systems may be stable, and that the pressures of a low per capita income will not make their people easy targets for Communist propaganda. This factor is weighty, as well, even in the industrialized nations of Europe.

The continuing momentous forces promoting our full national security, and our world security, generated by the Reciprocal Trade Agreements Act must be maintained. It cannot be expected that in this effort for strength, we will not find in the wide expanse of our industries, occasional small pockets of weakness which are exposed in world trade competition just as the free competitive system in our own country has exposed them throughout history during our advances in technology, in development of new products and in the changing desires of the consuming public.

The Reciprocal Trade Agreements Act of 1955 broadened the escape clause procedure to take care of these weaknesses. Yet I want you to consider the record of what has happened for, as reported by the 9th edition of the United States Tariff Commission, Investigations Under the Escape Clause of Trade Agreements reports as of February 1958, 86 applications for escape clause action filed with the Commission ever since such investigations were provided as compared with the 59 applications which I discussed with you in January 1955. Thus the average number of applications per year during the last 3 years has scarcely changed from those filed in previous years. Some of these investigations have been applied for time and again and in the past 3 years, the Tariff Commission has recommended escape clause action somewhat more frequently than previously and the President has invoked the escape clause 4 times in the last 3 years as against 5 times in the 6 years prior to 1955. It is apparent from these figures that provable harm has been done to very few industries under the reciprocal trade agreements program.

H. R. 9505 has been introduced to provide for aid to workers, industrial enterprises and communities who are injured or threatened with serious injury as the result of imports into the United States. I am

confident that your committee, if such a bill is within your province, can work out adequate legislation to take care of real injury. This would be far better, where necessary, than to sacrifice our national security to the clamor which has been evolved from these very few and relatively insignificant situations. You should not permit such situations to swerve you from continuing the demonstrated benefits which the reciprocal trade agreement program has produced. We should not surrender the world piece by piece to economic aggression or subversion to any greater degree than we would yield supinely to Soviet military aggression. In the first case, the stakes would be dollars alone, but in the second, it would be millions of precious lives as well as many, many times more dollars.

There is presently a further reason for the passage of H. R. 12591 as a minimum in the extension of the reciprocal trade agreements program as it has been functioning. Our foreign trade should not be hampered in any way at a time when there are recessionary forces at work in our economy. Not only would such a curtailment damage our own economy but it would signal to the world that we were obsessed by fear and fear is frightfully contagious. Extension of the reciprocal trade agreements program for 5 years would be a signal of courage and a proof of our convictions that as a world leader, our Nation is determined to march ahead.

Your approval of H. R. 12591 will strengthen our national security in the broadest terms, in our domestic well-being, in a productive economy in our own land and in the improved stability of all the countries on our side of the Communist Iron Curtain.

BLOOMINGTON, IND., July 15, 1958.

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: We members of the League of Women Voters would like to see the reciprocal trade agreement passed by the Senate in the form passed by the House, without the crippling amendments added to this bill by the Senate Finance Committee.

We hope you will give careful consideration to the league's position on this bill.

Yours sincerely,

(Miss) MAUDE BRYAN.

P. S.—I enclose also a separate communication for you, Senator, on another matter, about which you requested a response. I hope your secretary will put the other letter aside in a separate stack.

KOUTS, IND., July 14, 1958.

Senator HOMER E. CAPEHART.

DEAR SENATOR: I am very much in favor of the reciprocal trade agreements extension bill and I urge your support of bill (H. R. 12591) for a 5-year extension with no crippling amendments.

Sincerely yours,

LEONARD B. KRUG.

CENTRAL LABOR UNION,
Bedford, Ind., June 18, 1958:

HON. HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SIR: The Bedford Central Labor Union and its 2,000 affiliated members wish to ask your support of the reciprocal trade bill in the House passed form. We also you to support a trade agreement amendment for constructive aid to American industry and workers. We feel sure that your will do your best to pass a good trade bill and wish to extend our thanks to you in advance.

Respectfully yours,

BURL O. WILLIAMS,
Recording Secretary.

INDIANAPOLIS, IND., June 12, 1958.

The Honorable HOMER E. CAPEHART,
Senator from Indiana,
Washington, D. C.

DEAR SIR: Thank you for your very kind letter in answer to mine requesting your support of the pending railroad legislation.

Your last paragraph suggested I might write to you concerning other matters of interest to me. I try to keep up with things but it's not an easy thing for me to take time out to write my opinions to you. However, I feel strongly enough about the President's reciprocal trade bill that I want to give my opinion on this. Then regardless of how the voting goes, I can feel that I did my best.

I do not think the President's bill goes as far as it should but from a practical standpoint, I hope you will be counted in favor of the President's 5-year extension of this bill. Perhaps when this bill again comes up for review in 1963, there will have been enough more incidents like we had in South America to prod us into practicing what we preach about "free enterprise" and loving our neighbors. If I owned an oil well or lead mine, I might feel differently; but as a consumer, I want more free trade. Speaking for business as a whole, I think the article in the June issue of *Fortune*, United States Foreign Economic Policy, well summarizes the stake all of us have in free world trade.

Please count this voter and his family in favor of the President's extension of the Reciprocal Trade Agreements Act.

Yours very truly,

A. J. PROCTOR.

BLOOMINGTON, IND., July 15, 1958.

Hon. HOMER E. CAPEHART,
Washington, D. C.

DEAR MR. CAPEHART: As one of your constituents, I beg of you to vote for the reciprocal-trade bill in the form as passed by the House.

Yours very truly,

(Mrs.) FAITH S. GLIDDEN.

BLOOMINGTON, IND., July 13, 1958.

Senator HOMER CAPEHART,
Senate Building, Washington, D. C.

DEAR SENATOR CAPEHART: Renewal of the Reciprocal Trade Agreements Act as urged by President Eisenhower is most important in my mind as part of our foreign policy and for the good of the majority of American citizens. I trust the Senate will finally approve the act as passed by the House and hope you will support it in that form.

Sincerely yours,

ELIZABETH S. CLELAND
Mrs. Ralph Cleland.

MUNCIE, IND., July 13, 1958.

The Honorable Senator HOMER E. CAPEHART,
Washington, D. C.

MY DEAR SENATOR: As a citizen and as a teacher of economics, I urge you to support the bill for the 5-year extension of our trade act, without the Senate amendments which would weaken the President's powers.

In these critical times our country needs friends and one good way to keep friends is through trade.

I urge your support of the House version of the trade act.

Respectfully,

FRANCES L. O'HARRA.

MOORESVILLE, IND., July 12, 1958.

DEAR HOMER: Foreign trade is important to farmers—we need all the markets we can find. I urge your support of H. R. 12591—the reciprocal trade bill—without crippling amendments.

Thank you.

R. S. GREGORY.

CHICAGO, ILL., July 15, 1958.

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

Chicago Association of Commerce and Industry strongly urges that you vigorously support administration efforts to obtain effective trade agreements act extension by voting to delete from H. R. 12591 Finance Committee amendments which restrict Presidential decision on Tariff Commission recommendations limit term to 3 years and change authority to reduce tariffs on reciprocal basis. Bill in form passed by House minimum for economic well-being and security of your State and Nation.

JACK L. CAMP.

Vice President for World Trade.

SOUTH BEND, IND., July 15, 1958.

Hon. HOMER E. CAPEHART,
United States Senate,
Washington, D. C.

Will greatly appreciate your full support of trade agreements legislation as embodied in H. R. 12591. The bill reported by Senate Finance Committee includes crippling amendments. Urge you support administration and obtain Senate concurrence with House measure. Trade agreements legislation important to economy of Indiana and particularly South Bend. Thousands of employees here dependent upon foreign trade. In our own company substantial percentage of all production is sold abroad, therefore may we count on your support of administration program embodied in H. R. 12591?

RICHARD A. HUTCHINSON,

Vice President, Studebaker-Packard Corp.

CHANDLER, IND., July 12, 1958.

The Honorable Senator CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SIR: I am writing to urge you to support House bill H. R. 12591. We as farmers believe that the reciprocal trade agreements should be extended because the loss of foreign markets would hurt the United States as a whole.

Yours truly,

NORBERT STOHL.

BLOOMINGTON, IND., July 16, 1958.

HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Bloomington League of Women Voters is opposed to amendment to Trade Agreement Act reported by Senate Finance Committee and urges Senate to pass the bill as passed by the House of Representatives.

R. W. THOMPSON.

INDIANAPOLIS, IND., July 15, 1958.

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

The League of Women Voters of Indianapolis strongly urges that your support 5-year extension of Reciprocal Trade Agreement Act as passed by House.

Mrs. EDWIN FERREE,

President, Indianapolis League of Women Voters.

MUNSTER, IND., July 16, 1958.

Senator HOMER CAPEHART,
United States Senate,
Washington, D. C.:

Urge you oppose crippling amendments to Trade Agreements Act and restore House provisions of 5-year period and strengthened presidential authority.

LEAGUE OF WOMEN VOTERS OF HAMMOND.

INDIANAPOLIS, IND., July 16, 1958.

Hon. HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge support 5-year extension H. R. 12591 as passed by the House.

Mrs. J. E. KOOIKER.

GREENCASTLE, IND., July 15, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

We protest action of Senate Finance Committee on Trade Agreements Act. Request your support for 5-year extension and restoration of Presidents power as provided in H. R. 12591.

JOHN B. AND EDNA M. BOYD.

NEW ALBANY, IND., July 15, 1958.

HOMER CAPEHART,
United States Senator,
Washington, D. C.:

Would appreciate your support of 5-year extension Trade Agreements Act as passed by House. We also ask you to oppose Thurmond-Kerr amendment to escape-clause procedure which provides that Tariff Commission recommendation would become effective unless Presidential disapproval is confirmed by majority vote of Congress.

J. L. GAYLE,
Manager, Davison Chemical Co., Division of W. R. Grace & Co.

SOUTH BEND, IND., July 16, 1958.

Hon. HOMER E. CAPEHART,
United States Senate,
Washington, D. C.:

I thoroughly agree with Hutchinson's wire of 15th in support of administrations trade agreements program as embodied in H. R. 12591. May we count on your full support.

H. E. CHURCHILL.

INDIANAPOLIS, IND., July 15, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

Urge vote against Senate trade bill, favor House version.

Mr. and Mrs. ALFRED DOBROF.

INDIANAPOLIS, IND., July 15, 1958.

Hon. HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

Deeply disturbed over Trade Agreements Act as reported out of committee. Hope you will vote to amend and restore bill to House version so that our international trade will not become more restricted.

Mrs. WALTER B. LICHTENST,
Member of National Committee on
Public Affairs, National Council of
Jewish Women.

NEW ORLEANS, LA., July 14, 1958.

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

International House strongly dedicated to world peace, trade, and understanding, urgently requests that you support reciprocal trade program as passed by the House for full 5 years and without any, repeat any crippling amendments.

R. W. FREEMAN,
President, International House.

GARY, IND., July 14, 1958.

Senator HOMER CAPEHART,
United States Senate,
Washington, D. C.

League of Women Voters of Gary urges your support of 5-year extension of Reciprocal Trade Agreements Act as passed by the House.

Mrs. MOREY GROSS,
President, League of Women Voters
of Gary.

MISHAWAKA, IND., July 16, 1958.

The Honorable HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR MR. CAPEHART: As a member of the League of Women Voters I would like to urge you to vote on bill H. R. 12591 as it was passed in the House, without the Senate amendment.

Yours truly,

JEAN WENMAN.
Mrs. Wilfred Wenman.

AMERICAN ASSOCIATION OF
UNIVERSITY WOMEN,
Washington, D. C., July 16, 1958.

Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: The American Association of University Women has a membership of over 145,000 women college graduates and is organized into 1,498 branches located in 49 States, Hawaii, Guam, and the District of Columbia. This association has a long history of support of foreign economic policies which give promise of increasing international understanding in the economic field and of improving well-being in all parts of the world.

We have supported the Reciprocal Trade Agreements Act since it was proposed in 1934 in the belief that it would strengthen international relations and that it would contribute largely to the growth and prosperity of our economy. We are still of the opinion that this support has been justified by the record of the Trade Agreements Act and we believe that on its own merit this act should be extended.

We have vigorously supported a 5-year extension of the act for the surety of continuity in United States trade policy that is of such vital importance to the European Common Market and the budding Latin American Common Market. This continuity is of paramount significance at the present time, since the trade policies of the 20 new nations of Asia and Africa are now being formulated, and the Soviet Union is making continued progress in the cold war of trade.

Developments of recent weeks on the international scene have served only to intensify our belief that legislation providing for a 5-year extension, and free of any crippling amendments, is of vital importance to the interests of the United States. Therefore, we respectfully urge that Senate floor action restore H. R. 12591 to the form in which it passed the House of Representatives and that it be sent to the President for his signature in that form at the earliest possible moment.

Sincerely yours,
ANNA L. ROSE HAWKES,
Dr. Anna L. Rose Hawkes,
President.

KATHERINE BAIN,
Mrs. Katherine Bain,
Chairman, Legislative Program Com-
mittee, AAUW.

MERIBETH CAMERON
Dr. Meribeth Cameron,
Chairman, International Relations
Committee, AAUW.

INDIANAPOLIS, IND., July 15, 1958.

Senator HOMER CAPEHART.

MY DEAR SENATOR: A very large group of your supporters here is counting on your vote for bill H. R. 12591 in exactly the form which was passed by the House. When we choose between the good of our country as a whole and that of a few vested interests, the right way is clearly indicated, is it not? Ways of meeting any possible injustices have been established.

Very truly,

LULA B. HOSS,
Teacher.

BLOOMINGTON, IND., July 15, 1958.

Hon. HOMER E. CAPEHART,
Washington, D. C.

DEAR SENATOR CAPEHART: It seems to me very important that the reciprocal trade bill should pass the Senate in the same form as passed by the House of Representatives without crippling amendments.

I hope you will vote for it and use your influence to that end.

Sincerely yours,

Mrs. JUNE S. FARLEY.

THE CATHOLIC ASSOCIATION
FOR INTERNATIONAL PEACE,
Washington, D. C., July 16, 1958.

Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: As president of the Catholic Association for International Peace, I have been distressed to learn that the Senate Finance Committee has reported out of the reciprocal trade agreements bill in a much weaker form than that passed by the House of Representatives. In spite of the strong endorsement given to the proposed trade legislation by numerous prominent citizens and organizations, the Finance Committee has seen fit to drastically alter the bill and radically weaken it.

The United States sorely needs wise trade legislation which will strengthen the free world. We hope that the Senate will return the trade bill to essentially the same form in which it came from the House of Representatives. May I urge you to support the vital fight for a strong trade measure when the issue comes to the Senate floor.

With every good wish, I remain,

Sincerely yours,

HARRY W. FLANNERY,
President.

DETROIT, MICH., July 15, 1958.

Senator HOMER E. CAPEHART,
United States Senate,
Washington, D. C.:

Respectfully urge you to vote for the renewal of the Reciprocal Trade Agreements Act for 5 years without amendments to the bill as passed by the House of Representatives. I believe such a vote would be in the best interest of Indiana and the United States.

Mrs. ANNETTA FUCHS.

INDIANAPOLIS, IND., July 15, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

We disapprove of the Senate version of the Trade Agreements Act we urge that it be restored to the House version.

Mr. and Mrs. ROBERT H. MARKS.

INDIANAPOLIS, IND., July 16, 1958.

Hon. HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Opposed to Senate Trade Agreements Act as harmful to increased trade. Urge your support of amendment to restore bill to House version.

Mr. and Mrs. JULIAN A. KISER.

INDIANAPOLIS, IND.,
July 15, 1958.

Senator HOMER CAPEHART,
Senate Building, Washington, D. C.:

Indianapolis section National Council of Jewish Women numbering over 850 persons deplores the Senate version of the Trade Agreements Act. We feel it will operate to restrict rather than expand trade. We urgently and respectfully request your vote and influence for amendment to restore bill to House of Representatives version of same.

Mrs. HAROLD STADLER,
President.

MERRILLVILLE, IND.,
July 15, 1958.

Senator HOMER CAPEHART,
United States Senate Office Building,
Washington, D. C.:

Urge you reject 3-year extension and other amendments to H. R. 12591, support House-passed version with 5-year extension of Reciprocal Trade Agreements Act.

Mrs. E. J. CARLSON, Jr.

CLOVERDALE, IND., July 14, 1958.

Senator HOMER CAPEHART.

DEAR SIR: I want to thank you for the firm support you have given to Farm Bureau supported bills in the past.

Please give your support to bill, H. R. 12591, which recently passed the House.

I hope I am not too late, as I understand it is to come before the Senate this week.

Thanking you in advance, I am,

Sincerely,

Mrs. GUY GASTON.

GREENSBURG, IND., July 14, 1958.

Senator CAPEHART,
Washington, D. C.

DEAR SIR: We are asking you to support bill H. R. 12591, for a 5-year extension, with no crippling amendments.

We believe this will be good for the farmers, and for the country as a whole.

Thanking you for past favors, I am,

Sincerely,

BERNARD STEIR.

BALL STATE TEACHERS COLLEGE,
DEPARTMENT OF SOCIAL SCIENCE,
Muncie, Ind., July 15, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: Please give your full support to the reciprocal trade bill which is to be before the Senate. Please (1) vote to restore the 5-year term of the bill, (2) do not vote for any limitations on the President's power on the bill, and (3) fight to prevent any destructive amendments to the bill.

Sincerely yours,

EVERETT W. FERRILL,
Professor of Social Science.

INDIANA FARM BUREAU, INC.,
Indianapolis, Ind., July 9, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR HOMER: We understand that the reciprocal trade agreements bill which has passed the House (H. R. 12591), will be up for a Senate vote probably next week.

As you already know, we in Farm Bureau are very much in favor of this bill, as trade is a must with agriculture.

We urge your support of the 5-year extension of this bill, with no crippling amendments.

Very truly yours,

GEORGE R. HARVEY,
Director, Research Department.

BLOOMINGTON, IND., July 15, 1958.

DEAR SENATOR CAPEHART: I do hope that you will vote against the restrictions which will prevent a liberal lowering of tariffs for the next 5 years. I feel that exchange of goods is vitally necessary to our economy and to world peace.

I also hope that you will vote against the Jenner Supreme Court bill.

Very respectfully yours,

MARY ORVIS.

LAFAYETTE, IND., July 11, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Trust you will back Eisenhower 100 percent on reciprocal trade. Indiana and country needs this legislation.

HARRY H. HIRSCHL.

BLOOMINGTON, IND., July 15, 1958.
Senator HOMER CAPEHART,
United States Senate,
Washington, D. C.:

I feel strongly that this is no time for the United States Senate to retreat into old-fashioned economic isolationism. I urge you to oppose the Thurmond-Kerr amendment to the reciprocal trade bill and to work for restoration of the 5-year authority to reduce tariff.

GEORGIANNA F. MITCHELL.

VINCENNES, IND., July 15, 1958.
Senator HOMER CAPEHART,
Washington, D. C.

DEAR SENATOR CAPEHART: It is my opinion that the Vincennes branch of the American Association of University Women is in favor of the Reciprocal Trade Agreements Act and the restoration of the full allotment to the Development Loan Fund. I believe, also, that the members want you to support both of these causes.

Very truly yours,

EDNA S. RAY,
Chairman.

CROWN POINT, IND., July 14, 1958.
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Please support H. R. 12591 for a 5-year extension.

WILLIAM A. BECKER.

SOUTH BEND, IND., June 26, 1958.
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge you support administration bill, H. R. 12591, for full 5-year extension Reciprocal Trade Act. This is basic to building a world economy oriented toward peace.

Mrs. H. PAUL (EDITH BELLE) KELSAY,
Indiana State Member, National
YWCA Public Affairs Committee.

INDIANAPOLIS, IND., July 15, 1958.
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge 5-year extension of Reciprocal Trade Agreement Act and that you oppose Thurmond-Kerr amendments.

WALTON G. WILSON.

INDIANAPOLIS, IND., July 16, 1958.
Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Favor the passage of H. R. 12591 for renewal of Trade Agreement Act for 5 years.

MRS. RALPH FLACK.

BLOOMINGTON, IND., July 16, 1958.
Senator HOMER CAPEHART,
United States Senate,
Washington, D. C.:

Respectfully urge you to vote for the renewal of the Reciprocal Trade Agreement Act for 5-year amendments to the bill, as such a vote would be in the best interest of Indiana and the United States.

MRS. ANNETTE FUCHS.

LAFAYETTE, IND., July 10, 1958.
Senator HOMER E. CAPEHART,
United States Senate,
Washington, D. C.

DEAR SENATOR CAPEHART: We hope that you will support President Eisenhower's reciprocal trade bill in its original form.

Mr. and Mrs. ROBERT A. MILLER.

WEST LAFAYETTE, IND.

WASHINGTON, D. C., July 16, 1958.
Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Extension of Reciprocal Trade Agreements Act vital to American farmers. Urge you op-

pose Kerr amendment which would cripple the program by binding the President to Tariff Commission recommendations on escape-clause actions unless Congress votes to override. Our recommendations with respect to other matters involved in this important legislation are contained in our statement of June 23 to Finance Committee.

CHARLES B. SHUMAN,
President, American Farm Bureau
Federation.

WASHINGTON, D. C., July 16, 1958.
Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Reciprocal agreement program would be seriously crippled by Kerr amendment curtailing President's authority to negotiate agreements to American advantage. AFL-CIO respectfully urges its elimination on behalf of over 4 million American workers whose jobs depend upon international trade. Provision for relatively few workers, communities, and industries adversely affected by imports can and should be met by trade adjustment program in addition to present escape-clause provisions.

ANDREW J. BIEMILLER,
Director, Department of Legislation,
AFL-CIO.

LAKE PLACID, N. Y., July 15, 1958.
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

We count on your leadership to help restore 5-year extension to Trade Agreements Act and remove crippling amendments. We believe Indiana's business and farm communities are developing new understanding of their stake in world trade as revealed last month in Indianapolis trade conference and will support positive leadership by you in Congress. Best wishes to you.

RUTH AND WALTER LAVES.

BLOOMINGTON, IND.

FORT WAYNE, IND., June 11, 1958.
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: I wish to express my most sincere support for nonmilitary foreign aid and reciprocal trade. The hope of the world lies in the spirit of brotherhood.

Sincerely,

(Miss) VENETTE M. SITES,
Former Head of Mathematics Department, North Side High School,
Fort Wayne, Ind.

FRANKFORT, IND., July 14, 1958.
Senator HOMER CAPEHART,
Washington, D. C.

DEAR SIR: I urge your support of H. R. 12591, the reciprocal trade agreements bill.

Yours very truly,

KEITH HOLLOWAY.

SYRACUSE, IND., June 13, 1958.
Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR MR. CAPEHART: If you have not already voted on the reciprocal trade treaty bill we would request you to vote for this bill—to extend it another 5 years.

We are aware of great opposition on the basis that protecting our industry will bring prosperity.

We believe that world prosperity will bring more business to United States than isolationism. I know whereof I speak because I've seen our dairy prices slump because processors claimed our dairy imports caused it—the drop. With our lowered income many others elsewhere could have a bit better standard of living.

Thank you.

Sincerely,

GEO. D. WEYBRIGHT.

JULY 14, 1958.

HON. HOMER E. CAPEHART,
Washington, D. C.

DEAR SENATOR: Indiana Farm Bureau members are for bill H. R. 12591 extending the Reciprocal Trade Agreement Act.

This agreement has increased our foreign markets by reducing our own trade barriers so that foreign countries can earn dollars to pay for the United States exports, including farm products. It strengthens our domestic markets by stimulating exports of American industry, thereby increasing the purchasing power of industrial workers. It is an important fact that about 4½ million American workers and their families depend on foreign trade for their livelihood.

Our foreign trade in 1957 amounted to \$4.7 billion—the output of 60 million acres—13.5 percent of total cash farm income, 54 percent of our wheat production, 59 percent of our cotton, 83 percent of our rice, 45 percent of our tallow and grease, 25 percent of our tobacco, 264 million pounds of canned fruits, more than a billion pounds of fresh citrus fruits, 16 billion pounds of feeds.

We hope you can support this bill.

Sincerely yours,

GAIL N. NEAL,
Grant County Representative on
Taxes and Legislation for the In-
diana Farm Bureau.

ROANN, IND., July 11, 1958.

Senator HOMER E. CAPEHART.

SIR: Perry Township Farm Bureau wishes you as our Senator to support bill H. R. 12591, concerning reciprocal-trade-agreements extension bill.

Sincerely,

H. L. MAHONEY,
Chairman, Perry Township Farm
Bureau of Miami County.

GOSHEN, IND., July 12, 1958.

Senator HOMER E. CAPEHART,

Washington, D. C.

DEAR SENATOR: We are very much interested in seeing the United States Senate pass the reciprocal-trade-agreements extension bill and hope you can see fit to support it.

We are well aware that the passage of this bill may tramp on the toes of some special interests, but believe it is necessary for the common good.

Yours truly,

ELLIS R. ZOOK,
Chairman, Elkhart County Farm
Bureau Legislative Committee.

LAKEVILLE, IND., July 11, 1958.

DEAR MR. CAPEHART: Please vote for the reciprocal-trade bill as it is without any amendments added to it.

Thank you.

Mr. and Mrs. EVERETT GILLIS.

COLUMBIA CITY, IND., July 12, 1958.

DEAR SIR: I would like for you to support bill H. R. 12591 for a 5 year extension, with no crippling amendments. Thank you.

Sincerely yours,

LA PORTE, IND., July 11, 1958.

HON. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: I understand that H. R. 12591, a bill to extend reciprocal trade agreements, is to come before the Senate in the immediate future.

Due to the importance of this measure to agriculture and the Nation as a whole I urge that you support a 5 year extension without crippling amendments.

Very truly yours,

LAWRENCE A. WATSON.

PENDLETON, IND., July 15, 1958.

Senator HOMER CAPEHART,
Washington D. C.

DEAR SIR: Just a word in support of the extending the Reciprocal Trade Agreements Act for another 5 years, and without any crippling amendments to House bill H. R. 12591.

Statistics tell us that 4½ million Americans and their families depend on foreign trade for their livelihood.

Yours truly,

BEN PARSHALL.

BLOOMINGTON, IND.

DEAR SENATOR CAPEHART: We urge you to give your active support to the Reciprocal Trade Act to ensure its passage in the Senate without crippling amendments, that is, for the full 5-year period, and with the final authority for tariff changes vested in the President.

Sincerely yours,

ADELA BITTNER,
W. S. BITTNER.

ATTICA, IND., July 11, 1958.

Senator HOMER E. CAPEHART,
Senate Building, Washington, D. C.

DEAR SENATOR CAPEHART: We urge you to pass the Reciprocal Trade bill without any attached amendments.

Sincerely,

LEE RHODE,
Chairman, Legislative Committee,
Warren Township Farm Bureau.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the RECORD a series of telegrams and letters I have received against the bill.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

INDIANAPOLIS, IND., July 15.

DEAR SENATOR CAPEHART: Please vote against the new trade agreements. If passed will cause more world tension.

Thank you.

ESTHER FRIEND.

VINCENNES, IND., June 19, 1958.

Honorable Senator CAPEHART,
Washington, D. C.

DEAR SIR: We are informed the Senate Finance Committee will commence hearings Monday, June 23, on the House-passed trade agreements bill, H. R. 12591, which provides for a 5-year extension. The Window Glass Cutters League of America, Local No. 11, of Vincennes, Ind., strongly request that you vote against this extension. The rollcall of our membership are as follows: John Bastine, Earl Bodart, Leroy Bond, Harry Burnsworth, Kenneth Burnsworth, Robert Burnsworth, Jules Bouilett, Romeo Casteaux, Earl Faulkne, George Faulkner, Robert Fees, Leslie Genung, Carl Gouverneur, Earnest Gouverneur, Richard Howe, Leon Jennart, Louis Jones, Fred Kurtz, Louis Larrow, George Legross, David Mains, Oliver Michaels, Edwin Prullage, Frank Prullage, Paul Prullage, Octave Quinett, Bearnard Osterdorf, August Shevrman, Ona Sheirman, Marian Shick, Richard Scohy, Virgil Sturbois, Raymond Tillmans, Alex Valley, Delbert Vincent, Donald Vincent, Louis Vincent, Everett Wilson, Robert Zellers, Frances Sheirman, Paul Halter, Harry Steininger, Leon Barvais, Loren Williams, Richard Faulkner, Michael Quinett, John Osterdorf, Vernon Halter, Jules Bouilett.

LEREY BOND.

MUNCIE, IND., June 19, 1958.

HON. HOMER CAPEHART,
Senator, Washington, D. C.:

We strongly urge you to vote against bill

H. R. 12591 to protect the jobs of the people in this country that help put you in office.

MEMBERS OF LOCAL UNION 106,
AMERICAN FLINT GLASS WORKERS
UNION, WINCHESTER, IND.

RICHMOND, IND.,

June 19, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Please vote against H. R. 12591 5-year extension of the Reciprocal Trade Agreements Act.

E. A. GERKEN,
President, Richmond Building
Trades Council.

WARSAW, IND.,

June 20, 1958.

The Honorable HOMER E. CAPEHART,
United States Senate,
Washington, D. C.

DEAR SIR: We urge you to protest House passed trade agreements bill H. R. 12591 as Senate opens hearings on this bill June 23, 1958. We are very much alarmed and opposed to the 5-year extension of Trade Agreements Act. We feel it is detrimental to our job opportunities. Hoping you will give this your immediate consideration, we remain,

Very truly yours,

TWILLO S. YOUNG,
Local 614, American Flint Glass
Workers Union of North America.

ALEXANDRIA, IND., June 21, 1958.

Senator HOMER E. CAPEHART,
Washington, D. C.:

Please be informed the membership of L U No. 3 AFGWU Alexandria, Ind., are very much alarmed and opposed to the extension of the Reciprocal Trade Agreements Act contained in the bill H. R. 12591. It is detrimental to our job opportunities.

CHARLES W. SCHROTH,
President.

LEVI FRONBACK,
Secretary.

MUNCIE, IND., June 17, 1958.

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

The members of our local are very much alarmed and opposed to bill H. R. 12591 for we feel that it is against the union trade and very detrimental to the jobs of the American labor. We would like it very much for you to be on our side in this matter.

GEORGE E. STEWART,
Corresponding Secretary, Local 517,
AFGWU.

SHORTHILLS, N. J., June 16, 1958.

Senator CAPEHART,
Senate Office Building,
Washington, D. C.:

As I understand the extension of Reciprocal Trade Act is before the Senate I think considering the condition of unemployment and labor organization you should vote against this extension of the measure for their protection. You know it is the bounden duty of the legislative body not the executive office to decide this extension.

HELEN B. BASSETT.

ELKHART, IND.

WEST LAFAYETTE, IND., July 14, 1958.

The Honorable HOMER E. CAPEHART,
The United States Senate,
Washington, D. C.

DEAR SENATOR CAPEHART: I note with much interest the Senate committee has amended President Eisenhower's trade bill. Please bear in mind there are many of your con-

stituents who do not approve of President Eisenhower's reduction of trade barriers because we believe it would be done at the expense of our own manufacturing establishments. For example, the Pope Gosser Co., where some of my friends work, located in Coshocton, Ohio, has just closed doors because of the competition with English and Japanese in ceramic ware.

I go to the Orient every year and am acquainted with much of the fine material produced there by very cheap labor, i. e., about 50 cents per day. While this is often not as efficient as ours, we cannot compete with that and continue to pay our workers the high wages that now prevail.

Therefore, please do everything you can to reduce the authority of the President's policy in time and percentage in his mistaken idea of lowering the tariff.

Very truly yours,

R. NORRIS SHREVE.

NEW HAVEN, IND., June 25, 1958.

Hon. HOMER CAPEHART,
Washington, D. C.

GENTLEMEN: You are of the Foreign Relations Committee: how do you look at the reciprocal trade? What is the honesty of this, an automobile shipped to United States has 10 to 15 percent tax; if we send one to England there is 140 percent tax; to France, 65 percent of the value; to West Germany, 50 percent of value. Where is the honesty and protection for the American people?

Foreign aid will build factories in foreign countries to compete with the United States manufacturer and labor, and let their goods be shipped in and compete with our labor. This ratio is 22½ cents per hour compared to \$1.85. What do you fellows expect to do with the people you represent?

When are you fellows of the Senate going to have the ambition to set and regulate our tariff without foreign countries setting it at Geneva? What does the Constitution state your powers are? We expect you and others to do what the Constitution states your duties are.

As for foreign aid, that is a rotten cesspool, and the worst of the smelly mess is Eisenhower and Dulles. Don't you think this rotten political mess should be cleaned up? You should have Fulton Lewis, Jr. come before your group in session and tell you what he tells us over the radio about this disgraceful mess.

Eisenhower and John Dulles are both unfit and a disgrace to the office which they hold. Get off your posterior and let's see some constructive legislation.

Yours sincerely,

ELVIN S. BRENDLIN.

P. S.—Why should not the President be made accountable for money he spends and do away with the secrecy of his spending? Haven't the taxpayers a right to know what is happening to their tax dollars? If not, why not?

Ike's presence would not be felt as much as he thinks if he would get among taxpayers he could get a few eggs.

CLERMONT, IND., June 26, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: I am employed in the veneer industry, which has been badly hurt by the tremendous increase of plywood imports in the last few years. The Reciprocal Trade Agreements Act as passed by the House recently is about the last straw.

Our only hope is that the Senate will approve the amendments to this bill so vitally needed by our industry. These provide that the Trade Agreements Act be extended by not more than 2 years, that the tariff reduction of 10 percent be used in 2 years, and that the President may modify or reject

Tariff Commission recommendations only with the approval of Congress.

A big price-support program for the lead, zinc, tungsten, etc., industry is proposed. It would be only fair to consider and vote on the Trade Agreements Act before voting that subsidy.

It is only reasonable that the American industry be given a chance to operate with fair competition. Twenty-five-cent foreign labor is a little too much to take when our taxes keep increasing in order to pay for foreign giveaways.

Please see that these amendments are made a part of the bill.

Very truly yours,

VERNIE J. GEORGE.

GREENWOOD, IND., June 26, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: Before July 4, the administration bill for the 5-year extension of the Reciprocal Trade Agreements Act will be voted on by the Senate.

In order to protect American industry in even a small way, three proposed amendments should be insisted upon by every thinking Member of the Senate. They provide that the Trade Agreements Act be extended by not more than 2 years, that the tariff reduction of 10 per cent be used in 2 years, and that the President may modify or reject Tariff Commission recommendations only with the approval of Congress.

The \$151 million price-support program for the lead, zinc, tungsten, etc., industry should be opposed until after the vote is taken on the Trade Agreements Act. They should not be appeased at the expense of others.

I have followed your record in the Senate for some time and feel you will give this important legislation careful thought and work for the enactment of these protective amendments.

Very truly yours,

L. B. WHEATCRAFT.

INDIANAPOLIS, IND., June 26, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: I wish to call your attention to proposed amendments to the Reciprocal Trade Agreements Act which was passed by the House and is to come before the Senate by July 4.

1. The Trade Agreements Act be extended by not more than 2 years.

2. The tariff reductions of 10 percent be used in 2 years.

3. The President may modify or reject Tariff Commission recommendations only with the approval of Congress.

It is imperative that the Senate insist upon these amendments to protect the American people from the attempt of the State Department to satisfy the demands of foreign interests.

Another appeasing measure is the proposed support program for the mineral industries. At least, vote on this should be postponed until after the Trade Agreements Act has been passed.

I am sure serious consideration of these matters will convince you that these amendments are the best possible solution of the impossible Trade Agreements Act as it now stands.

Yours truly,

WILLIAM F. BECKWITH.

NATIONAL TILE & MANUFACTURING Co.,
Anderson, Ind., June 20, 1958.

Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: The Eisenhower program now being pressured through Con-

gress will just about end the Republican Party and the Republic with it.

The Reciprocal Trade Agreements Extension Act passed by the House of Representatives, if approved by the Senate, guarantees swift transfer of American industry and jobs to low-wage countries and a bankrupt and destitute United States. No foreign country will benefit because, even at low prices, our people will be unable to buy the things it makes.

The foreign-aid program is sustaining derelict communism with our rapidly depleting resources while it plunders to destruction the last remaining frontier of hope, freedom, and opportunity remaining on the face of the earth.

Even Senator KENNEDY should draw upon his imagination just a little bit to picture his country as it will be for him and his children under Reuther and Khrushchev.

Sincerely,

R. H. ALEXANDER,
Chairman.

AMERICAN FLINT GLASS WORKERS'
UNION OF NORTH AMERICA,
June 23, 1958.

Hon. HOMER CAPEHART,
Senator of the United States,
Washington, D. C.

DEAR SIR: The members of Local Union No. 35, American Flint Glassworkers Union, Marion, Ind., wish to express our opposition to bill H. R. 12591 as recently passed by the House of Representatives.

A 5-year extension of the reciprocal trade agreement would be very detrimental to the job opportunities and welfare of glassworkers. The industry has been seriously damaged by the importation of foreign glassware since the end of World War II.

Any help you can give us in this matter will be greatly appreciated.

Very truly yours,

EDWIN BAILEY,
Secretary, Local Union No. 35.

Signed by the following members of the union: Ellis Smith, James L. Clonce, Harry Flanagan, James E. Scheibe, Ralph Crist, Richard Pingry, R. C. Barnhart, Richard Lykesit, Richard Long, Alfred C. Groth, Delbert James, David Helms, John P. Harris, George Paine, Frank Maliff, George C. Flanagan, F. Otho Bone, Norval Gaylor, D. R. Osborn, William F. Teddy, Edgar Conley, Floyd Kaufman, Clyde Hunt, Stanley Roskosz, Lewis England, Wilbur Gaines, Donald D. Smith, Robert Ludwick, William Milligan, Robert G. Jordan, Charles E. Cater, Gerald Fisher, Owen L. Gustin, Homer R. Rinehart, John O'Brien, Harold E. Martin, Emil A. Kies, David S. Watson, Eugene M. Sibert, Joseph L. Driscoll.

Charles Shandy, Glen Doggett, Chester Kress, Harney Hansen, Walter W. Skinner, Ray Sterling, William E. Billiter, Charles Morford, Harold Morford, Roger Conner, Mel Ashley, Ralph Adkins, Jr., F. C. Sayers, Robert E. Ertel, James W. Gartley, Henry Vaupel, Lyle Overmyer, Sr., Robert Howell, Kenneth Grone, Campbell B. Jones, R. A. Elliott, Frank A. Whitacre, Melvin Logan, Donald Denney, E. E. Hanke, Stanley Edwards, Delbert L. Simmons, Howard Edwards, Luther Haney, Donald Dixon, Harold Pierce, Robert Gash, Don Hom, Joe Norris, Warner Eastman, John D. Moore, Cecil Monroe, Bill Mayer, and Ephraim Horr.

Robt. E. King, Russell Simmons, John McCoy, Jack E. Skinner, Lester M. Brown, George E. Pickett, William E. Kalber, Roy Phillips, Arthur D. Overmeyer, Russell C. Cole, Dave Simmons, Wayne F. Rouch, William Long, Roger R. Miller, James H. Ralls, Donald Woford, Leon H. Overmyer, Johnny Blackburn, Fred Kelthammer, Kenneth Clark, Donald E. Ullom, Vernon H. Reid, Robert Strahan, Ben Kelly, James Moyer, Wallace Mock, Paul Norris, Mills Ralph L.,

Teddy C. Clift, Murry Slater, Jack Bush, Geo. Hubbel, Bob Wolfe, Stanley Baker, Lyle C. Overmyer, Jr., Howard Thornbury, Perry E. Fields, Earl H. Price, Harry F. Mincel, Don Crist, Dick Smith, Everett C. Smith, Clyde M. Laisure, Jr., Charles Pegg, Floyd I. Sandfar, Bill Sanzo, Gilbert Grundl, Hans Neu-decker, David L. Armstrong, Floyd E. Ruland.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the RECORD telegrams and letters from persons in Indiana who favor the so-called Kerr-Thurmond amendment which was added to the bill by the Senate Finance Committee.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

WHITING, IND., July 14, 1958.

Hon. Senator HOMER CAPEHART,
Senate Office Building,

Washington, D. C.

DEAR SIR: Urge you to actively support and vote for Thurmond amendment on extension of Trade Agreements Act as reported by Finance Committee including provision for congressional approval of any escape-clause action contrary to recommendation on Tariff Commission. Advise.

I am,

Yours truly,

JOSEPHINE ATKINSON.

INDIANAPOLIS IND., June 15, 1958.

HOMER E. CAPEHART,
Senate Office Building,

Washington, D. C.:

Conditions warrant intelligent thinking. Vote for Kerr escape-clause amendment.

INDIANA VENEERS, INC.
C. M. DEStEFANO.

MICHIGAN CITY, IND., July 15, 1958.

Senators HOMER CAPEHART AND WILLIAM JENNER,

Senate Office Building,
Washington, D. C.:

Urge you to actively support and vote for Thurmond amendment on extension of Trade Agreement Act as reported by Finance Committee, including provisions for congressional approval of any escape-clause action contrary to recommendation on Tariff Commission. Advise.

WAGNER CYCLE SHOP,
WILBUR F. WAGNER.

MICHIGAN CITY, IND., July 16, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Please support the Thurmond amendment to H. R. 12591. American industry employing American labor at American wages need this protection desperately.

EXCELSIOR MANUFACTURING CO., INC.,
B. C. FLINT, General Manager.

FORT WAYNE, IND., July 12, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge you actively support and vote for Thurmond amendment on extension of Trade Agreements Act as reported by Finance Committee including provisions for congressional approval of any escape clause action contrary to recommendation on Tariff Commission advise.

KERNS TOYLAND, INC.
VICTOR C. KERNS.

HAMMOND, IND., July 12, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge you to actively support and vote for Thurmond amendment on extension of Trade Agreements Act as reported by Fi-

nance Committee including provision for congressional approval of any escape clause action contrary to recommendation on Tariff Commission.

WALZ CYCLE SHOP.
JOHN WALZ.

NEW ALBANY, IND., July 14, 1958.

Senator HOMER E. CAPEHART,
Washington, D. C.:

Support American against foreign interest vote for Kerr escape-clause amendment.

B. L. CURRY AND SON.

TERRE HAUTE, IND., July 14, 1958.

Senator HOMER E. CAPEHART,
United States Senate,
Washington, D. C.:

Will appreciate your supporting the Thurmond amendment to the reenactment of the Trade Agreements Act. Understand it passed the Senate Finance Committee recently.

O. KEITH OWEN.

FORT WAYNE, IND., July 14, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge you to actively support and vote for Thurmond amendment on extension of Trade Agreements Act as reported by Finance Committee including provision for congressional approval of any escape-clause action contrary to recommendation on tariff permission. Advise.

WINSTON F. KOEHLINGER.

NEW ALBANY, IND., July 14, 1958.

Senator HOMER CAPEHART,
Washington, D. C.:

Please do make certain to vote for the Kerr escape-clause amendment of the trade agreement bill to give us at least a little protection.

CHESTER B. STEM.

TERRE HAUTE, IND., July 12, 1958.

HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge you to actively support and vote for Thurmond amendment on extension of Trade Agreements Act as reported by Finance Committee, including provision for congressional approval of any escape clause action contrary to recommendation on Tariff Commission advice.

TIRE REBUILDERS SERVICE,
L. M. NISBET.

LINTON, IND., July 12, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Vote in favor of Thurmond amendment to Trade Agreements Act.

BILL'S CYCLE & TOY.

GARY, IND., July 12, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge you to actively support and vote for Thurmond amendment on extension of Trade Agreements Act as reported by Finance Committee including provisions for congressional approval of any escape clause action contrary to recommendation on Tariff Commission. Advise.

EDWARD BRAYACK,
GARY RADIO & CYCLE CO.

BLOOMINGTON, IND., July 12, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge you actively support and vote for Thurmond amendment on extension of Trade Agreements Act as reported by Finance Committee including provision for congressional

approval of any escape clause action contrary to recommendation on Tariff Commission. Advise.

GRAHAM MOTOR SALES CO.,
P. E. TOBIN.

COLUMBIA CITY, IND., July 12, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge you actively support and vote for Thurmond amendment on extension of Trade Agreements Act as reported by Finance Committee including provision for congressional approval of any escape clause action contrary to recommendation on Tariff Commission. Advise.

GAMBLE STORE,
BILL YAHEY.

LAFAYETTE, IND., July 12, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge you to actively support and vote for Thurmond amendment on extension of Trade Agreements Act as reported by Finance Committee including provision for congressional approval of any escape clause action contrary to recommendation on Tariff Commission.

VINCENT W. MULHAUPT.

EVANSVILLE, IND., July 12, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge you to actively support and vote for Thurmond amendment on extension of Trade Agreements Act as reported by Finance Committee including provision for congressional approval of any escape clause action contrary to recommendation on Tariff Commission.

GILLES BICYCLE SHOP,
SIMON V. GILLES.

EVANSVILLE, IND., July 12, 1958.

Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:

Urge you to actively support and vote for Thurmond amendment on extension of Trade Agreements Act as reported by Finance Committee including provisions for congressional approval of any escape clause action contrary to recommendation on Tariff Commission.

G. A. BEARD & SON,
F. G. BEARD.

NEW ALBANY, IND., July 14, 1958.

Senator HOMER CAPEHART,
Washington, D. C.:

Urge you to vote for Kerr escape clause amendment. Thanks and regards.

HOOSIER PANEL CO.,
J. A. BENFORD.

MICHIGAN CITY, IND., June 27, 1958.

Senator HOMER CAPEHART,
Washington, D. C.:

Re H. R. 12591, please help protect damaged Hoosier industry by supporting the amendment to limit extension of the Trade Agreements Act to not more than 2 years and support the simple majority rather than the two-thirds requirement to override Presidential action.

EXCELSIOR MANUFACTURING CO., INC.
B. C. FLINT,
General Manager.

SHORTHILLS, N. J., June 16, 1958.

Senator CAPEHART,
Senate Office Building,
Washington, D. C.:

As I understand the extension of Reciprocal Trade Act is before the Senate. I think, considering the condition of unemployment and labor organization, you should vote

against this extension of the measure for their protection. You know it is the bounden duty of the legislative body, not the executive office, to decide this extension.

MARY A. WHALEY.

GREENSBURG, IND., June 17, 1958.

HON. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

When the administration version of the trade agreements bill which the House passed last week comes before the Senate, please vote for any amendments, revisions, or changes of any kind that will give relief to the industries and their employees that are being adversely affected by imports, especially Japanese imports.

MITCHELL VENEER,
C. E. COCHRAN, President.

RAY'S BIKE SHOP,
South Bend, Ind., July 12, 1958.

Senator HOMER CAPEHART,
Washington, D. C.

DEAR SIR: As an exclusive bicycle parts accessory and service dealer I urge you to actively support and vote for Thurmond amendment on extension of trade agreements as reported by Finance Committee, including provision for congressional approval of any escape clause action contrary to recommendation of Tariff Commission.

We thank you.

Very truly yours,

GEO. VAN DE VEBLE.

MISHAWAKA RUBBER CO., INC.,
Mishawaka, Ind., July 14, 1958.

Subject: Trade agreements extension bill,
H. R. 12591.

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: Although I feel reasonably sure of your position regarding the need for restoring to Congress more control over tariff revisions than it has enjoyed during recent years, I am writing to respectfully urge you to resist efforts that are being made to reverse the action of the Senate Finance Committee in its amendments to the trade agreements extension bill, especially those amendments which provide for limitation of reductions to not more than 5 percent per year for a 3-year period and the amendment making a Presidential rejection of Tariff Commission recommendations favorable to an applicant industry under the escape clause subject to reversal by a majority vote of both Houses of Congress.

These are crucial times for American industry and if we do not keep our economic structure sound, all of the other efforts to employ our country's resources for the betterment of a peaceful world will be nullified.

With kind personal regards.

Very truly yours,

GLENN D. BABCOCK.

INDIANAPOLIS, IND., July 15, 1958.

Senator HOMER CAPEHART,
United States Senate,
Washington, D. C.:

Respectfully urge your support for extension of Reciprocal Trade Act as reported by Senate Finance Committee July 10.

ROBERT H. STULZ.

INDIANAPOLIS, IND., June 26, 1958.

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

We urge you to support three amendments on the trade bill to be voted on before July 4. They provide the act be extended by not more than 2 years, that tariff reduction of 10 percent be used in 2 years, and that the President may modify all, reject Commission recommendations only with Congress' approval. Also oppose price

support program of mineral industry until after vote is taken on Trade Agreement Act. American industry must be protected from unfair competition of foreign countries and pressure groups.

THIESING VENEER CO.

Mr. DOUGLAS. Mr. President, I ask unanimous consent to have printed in the RECORD 2 editorials, 1 from the Chicago Sun-Times of July 15, 1958, and the other from the New York Times of July 15, 1958, severely criticizing the reciprocal trade bill as it came from the Senate Committee on Finance.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Chicago Sun Times of July 15, 1958]

CRIPPLING RECIPROCAL TRADE

The administration's Reciprocal Trade Act extension bill, overwhelmingly approved by the House, is in serious trouble in the Senate. A combination of Senators representing oil, mining, textile, and chemical interests revised the measure drastically in the Senate Finance Committee. It remains to be seen whether the damage can be repaired on the Senate floor.

Speaking for the administration, Secretary of Commerce Sinclair Weeks has branded one provision of the bill as "completely unacceptable." Senator PAUL H. DOUGLAS, Democrat, of Illinois, a leading exponent of freer trade, has described the bill as a monstrosity.

As cleared by the Finance Committee, the bill would reduce to 3 years the 5-year extension of the reciprocal trade agreements program approved by the House. In addition, the Senate bill would not permit the President to overrule the Tariff Commission on the imposition of higher import duties unless the President was upheld by a two-thirds vote of both the House and the Senate.

Under the more enlightened House bill, the President would retain his present authority to overrule the Tariff Commission, unless the President's decision were overturned by a two-thirds vote of both Houses.

The administration had no great objection to the House provision on this score, but it was the Senate version which drew Weeks' blast, as it should. Apart from the danger which the Senate provision would pose to the entire foreign trade program, it would place the President in the untenable position of being almost totally subordinate to an executive agency that he himself appoints. The right of Congress to override a Presidential decision fits our constitutional pattern, but it would be an intolerable stultification of his office to render the President powerless to overrule an executive agency without congressional sanction.

Fortunately, the administration will have the support of Senate Democratic Leader LYNDON B. JOHNSON, of Texas, and Finance Committee Chairman HARRY F. BYRD, Democrat, of Virginia, in its floor fight to remove the restrictive amendments to which it rightfully objects.

Unfortunately, the tariff issue cuts across party lines, making it difficult for the President to crack down on recalcitrant Republicans and for the Democratic leadership to exert pressure on heel-dragging Democrats. In years past, Republicans were generally regarded as "protectionists," or high-tariff advocates, and the Democrats were looked upon as freetraders.

But, as the vote in the Senate committee made it plain, that is no longer the case. Many Republicans have been won over to the cause of freer trade and numerous Democrats, particularly in the newly industrialized South, are now protectionists.

Nevertheless, the national interest demands the type of reciprocal trade program originally sought by President Eisenhower and approved by a 317 to 98 House vote. This is no time for narrow regional interests to dominate Senate action. If we are to realize the goal of "trade, not aid," the administration bill must be passed without death-dealing amendments.

[From the New York Times of July 15, 1958]

PROTECTIONISTS AT WORK

Since the carefully planned and organized campaign for a return to protectionism in American foreign trade policy made its presence visible a decade ago, every fresh renewal of the Reciprocal Trade Treaty program has been fraught with extreme danger to this Nation in its relations with the rest of the free world. One never knows what new strategy will be resorted to by the enemies of this legislation to weaken its usefulness; one never even knows from what point to expect the next attack.

We should not, therefore, have been totally surprised when, just a month after the House had passed an administration-favored trade bill by a vote of 317 to 98, the Senate Finance Committee should have voted out a measure at the end of last week which repudiated virtually every meritorious provision in the House measure. The Finance Committee bill carries four major amendments, all completely bad and completely irresponsible.

The most offensive of these is an amendment introduced by Senator Kerr under which the President would, for all practical purposes, be shorn of his authority to have the final say in granting tariff increases or quotas under the provisions of the "escape clause." The President's decisions in such cases would be valid only if supported by majority votes in both Houses. The term "national security," which is used in some cases as a basis for pleading tariff relief, would be widened to include virtually every industry in the country. The length of the extension would be reduced from the 5 years provided in the House bill to 3 years. In consequence of this, the President's authority to lower tariffs would be reduced from 25 percent, as approved by the House, to 15 percent.

There is no limit, apparently, to which the protectionists are not prepared to go to make a mockery of this Nation's pretensions to a liberal trade policy. We have an idea, however, that in this case they will find they have overreached themselves. We believe with the United States Council of the International Chamber of Commerce that the first order of business on the Finance Committee's bill should be an amendment to restore the bill to the form in which it emerged from the House. Should the Senate pass the bill in anything resembling its present form then the next order of business should be a Presidential veto.

Mr. CAPEHART. Mr. President, I offer my amendments identified as "7-16-58-H," and ask that they be stated.

The PRESIDING OFFICER. The amendments of the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 7, line 18, after "(f)" to insert "(i)."

On page 7, line 22, to strike out the quotation marks, and after line 22 insert the following:

(2) It is further declared to be the sense of the Congress that, in negotiating trade agreements with countries of the Western Hemisphere, the President shall make provision for extending the benefits of subpart C of part III of subchapter N of chapter I of the Internal Revenue Code of 1954 (Western Hemisphere Trade Corporations), with-

out discrimination, to all elements of the United States exporting business without regard to interpretations, not in accord with the original intent of Congress, requiring passing of title outside the United States, if the corporation concerned otherwise meets the requirements for Western Hemisphere trade corporations and is a wholly owned subsidiary of a manufacturer.

Mr. CAPEHART. Mr. President, I have discussed the amendments with the chairman of the committee. The committee is not willing to accept them, but I offer the amendments for the purpose of making a record, because I am thoroughly convinced that next year Congress must adopt some such amendment.

I should like to have the amendments adopted. I do not like to ask for a vote while the able chairman of the committee is engaged in conversation.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Indiana [Mr. CAPEHART].

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CAPEHART. Mr. President, I have discussed the pending amendments with the chairman of the Finance Committee, the Senator from Virginia [Mr. BYRD]. I believe he said, in effect, that he feels next year hearings might well be had on these amendments.

Mr. BYRD. I will say to the Senator from Indiana that the committee did not have hearings on the amendment. I am willing to give the Senator the assurance we will consider it next year.

Mr. CAPEHART. With that understanding, Mr. President, I withdraw the amendment and I send to the desk another amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 31, after line 21, it is proposed to insert the following:

(3) The Commission shall also investigate and report on the desirability of bringing about to the fullest extent possible a relationship between (A) duties and other import restrictions on foreign articles, and (B) wages paid workers in the production of such articles as compared with wages paid workers in the United States in the production of like or directly competitive articles.

Mr. CAPEHART. Mr. President, all the amendment would do would be to suggest to the Commission which is to be created by the bill that along with many other instructions which are outlined in the bill it should study the advisability of basing tariff rates upon the wage rates paid in the respective countries. I see nothing wrong with it, and I should like to see it made a part of the study.

Mr. BYRD. Mr. President, I am willing to accept that amendment and take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, for myself, the Senator from California [Mr. KNOWLAND], the Senator from Virginia [Mr. BYRD], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Illinois [Mr. DOUGLAS], and the Senator from Delaware [Mr. WILLIAMS], I offer an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 15, beginning with line 17, it is proposed to strike out through line 18 on page 22.

Mr. JOHNSON of Texas. Mr. President, this amendment would delete the escape clause amendment added by the Finance Committee which provides that an escape clause provision can only be upset if the President rejects the finding and if both Houses of Congress support the President by a majority vote within 90 days. It would also delete the provision that a tie vote of the Commission is a finding of injury.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas [Mr. JOHNSON] for himself and other Senators.

Mr. ERVIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Green	McNamara
Allott	Hayden	Monroney
Beall	Hennings	Morse
Bennett	Hickenlooper	Morton
Bible	Hill	Mundt
Bricker	Hoblitzell	Neuberger
Bush	Holland	O'Mahoney
Butler	Hruska	Pastore
Byrd	Humphrey	Payne
Capehart	Ives	Potter
Carlson	Jackson	Proxmire
Carroll	Javits	Purtell
Case, N. J.	Jenner	Revercomb
Case, S. Dak.	Johnson, Tex.	Robertson
Chavez	Johnston, S. C.	Russell
Church	Jordan	Saltonstall
Clark	Kefauver	Schoeppel
Cooper	Kennedy	Smathers
Cotton	Kerr	Smith, Maine
Curtis	Knowland	Smith, N. J.
Dirksen	Kuchel	Sparkman
Douglas	Langer	Stennis
Dworshak	Lausche	Symington
Eastland	Long	Talmadge
Ellender	Magnuson	Thurmond
Ervin	Malone	Thye
Flanders	Mansfield	Watkins
Frear	Martin, Iowa	Wiley
Fulbright	Martin, Pa.	Williams
Goldwater	McClellan	Young

The PRESIDING OFFICER (Mr. McNAMARA in the chair). A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Texas [Mr. JOHNSON] for himself and other Senators.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Texas [Mr. JOHNSON] for himself and other Senators.

Mr. BYRD. Mr. President, I shall make a brief explanation of the amendment. The amendment is offered by the Senator from Texas [Mr. JOHNSON], the Senator from California [Mr. KNOWLAND], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Delaware [Mr. WILLIAMS], the Senator from Illinois [Mr. DOUGLAS], and myself.

The purpose and effect of the amendment is to revert to the existing law with respect to the escape clause in the reciprocal trade agreements.

As the Senate knows, the House adopted a provision whereby a two-thirds vote of Congress could override the action of the President. That is not revived by the amendment offered and now pending. The effect of the amendment is merely to delete the so-called Kerr amendment. Then the whole question will be in conference between the two Houses with respect to any further action in regard to the escape clause.

This is a simple amendment, the effect of which will be to revert to existing law. I hope the amendment will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas for himself and other Senators. On this question the yeas and nays have been ordered.

Mr. KERR. Mr. President, I oppose the amendment offered by the distinguished majority leader, the distinguished minority leader, the distinguished chairman of the committee, and other distinguished Senators on the ground that the amendment adopted by the Committee on Finance, and now in the bill, is calculated, first to enable Congress to fulfill its constitutional responsibility and function; second, to restore an environment in which American industry will not be subjected to the degree of injury which, in the long operation of the reciprocal trade agreements, has so often befallen American industry by reason of tariff concessions in favor of foreign imports in competition with American industry.

The operation of the reciprocal trade agreements program today is just as different from its operation when it was inaugurated and originally put into effect as day is from night. Over the years, Congress has repeatedly granted the President additional authority to reduce tariffs. I wonder if Senators are aware of the fact that under the operation of the reciprocal trade agreements since the program was inaugurated in 1934, about 80 percent of the tariff protection in effect in 1934 has been surrendered, abandoned, lost, and given away.

It is said that the bill should be passed in order to prevent the reimposition of the high tariff wall provided by the Smoot-Hawley tariff law. That, Mr. President, is the figment of the imagination of the uninformed, because 80 percent, approximately, of the tariff protection in effect in 1934 has been abandoned, does not now exist, and is not now in operation under the trade agreements which are in effect, and which would not be invalidated even if the bill were not passed and this program was not extended.

Under the provisions of the bill as reported to the Senate by the Committee on Finance, the President will be given the authority further to reduce tariffs by 15 percent in a 3-year period.

In the operation of this law, some very peculiar situations have developed. To begin with, bilateral agreements were made between our Government and other nations. Agreements were made between this Government and another whereby certain concessions were granted by this Government and certain concessions received from the other trading nation by this Government.

Then the favored-nation clause began to be implemented. I hope Senators will analyze this situation carefully, to discern the effect of trade agreements and the favored-nation clause agreements. Under the operations of the two, the situation is now this: Any concession which this Nation gives to any other country is available to every other country with whom agreements are in effect or with whom the favored-nations clause agreement is in effect.

For instance, the United States made an agreement with Mexico in years past, whereby we got concessions for the shipment of certain products of this country into Mexico by giving Mexico concessions for the shipment of certain of her products into this country. We also had a favored-nation clause agreement with Mexico. In the course of a few years, Mexico terminated her reciprocal trade agreement with us, whereby we lost the concession which we had with reference to certain products we were shipping into Mexico. But because Mexico had a favored-nation agreement with us, she did not lose any of the concessions we had made to her in our reciprocal trade agreement.

If that situation must prevail with reference to any nation, I know of none with reference to whom I feel this Government should be more friendly, more mutually respectful, and more careful in preserving a friendly status than with Mexico.

But when our State Department over the years got this Nation into a position where any concession made to any nation with whom we have an agreement is available to every nation with whom we have either a reciprocal-trade agreement or a favored-nation-clause agreement or treaty, every bit of bargaining power we ever had was surrendered.

To begin with, we had the bargaining power whereby nations had to make concessions to us, in order to get concessions from us. But that power no longer exists; we have already given it away. Even though a nation repudiates and terminates her reciprocal-trade agreement with us, and even though we thereby no longer have a concession granted by her to us, with reference to certain of our products moving into her territory, she still has not only every concession we have made to her—if we have made it to any other of the 40-odd nations with whom we have agreements—but that nation also has the benefit of every concession we have made in every agreement with every other nation signatory to such an agreement with us.

So the officials say they want to bargain in the field of reciprocal trade. Mr. President, they have already given away every vestige of bargaining power we ever had; and those agreements are in effect, and would remain in effect even though this legislation were not extended.

That was one of the contributing factors to the situation which have caused representatives of American industry to come to the Congress during the past 10 years, every time this legislation has been up for extension—and such industry representatives have come here from every State in the Union, as they have a right to do under the Constitution—and have petitioned their Government for relief, and have exposed the conditions whereby this industry or that industry was being damaged because imports were coming into the country to such an extent as to imperil it.

So Congress a few years ago enacted the peril-point provision as a safeguard against the abuse of the delegation of the power which Congress has to regulate trade and commerce, which power had been delegated to the Executive.

Under the operation of the law, with the peril-point provision included, injury was still being sustained. So the Congress developed the escape-clause provision, and added it to the law. Then the industry representatives returned home, thinking Congress had made provision for the relief of their industries if they were seriously injured; and Congress went home, thinking it had made provision to bring relief to American industries impaired or damaged, or threatened with impairment or damage, by excessive imports of competitive products.

But in the escape-clause provision there was a clause that if the President did not agree with a recommendation of the Tariff Commission to give relief to American industry, he did not have to do so; and under the operation of that clause, 86 applications have been filed with the Tariff Commission, for relief under the escape-clause provision. In the case of 73 of the 83 applications, in-

vestigations were completed by the Commission. In 30 of those 73 cases, the Tariff Commission reached an adverse finding. In 24 of the cases the Commission decided in favor of escape-clause action. In 5 of those cases the Tariff Commission divided equally, 3 to 3.

Of course, Mr. President, in order to assure a nonpartisan body, the Congress provided that the Tariff Commission should have 6 members—3 Democrats and 3 Republicans. In 5 of those cases, the Commission divided 3 to 3.

Action taken by the President has resulted in his invoking the escape clause in only 9 of the 24 cases in which the Commission found the existence of injury, and requested relief, plus the 5 cases in which the Commission divided evenly; and, of course, under the law, if a divided case comes to the President, he is authorized to act as though an affirmative decision had been reached in the case.

Let us bear in mind, Mr. President, that the applicant must assume the burden of establishing his case. That is a difficult task for an industry.

At this point let me read to you, Mr. President, from a list of industries which have had to take this recourse. I desire to show the size of the industries involved. We talk about relief for small business, Mr. President; but I wish to say to you that the operation of the Reciprocal Trade Agreements Act has destroyed more small businesses than will spring up in 20 years under the proposed small-business-relief bill now before the House of Representatives, and to come to the Senate.

I read from the list:

Women's fur hats and hat bodies, hatters' fur, garlic, watches—movements and parts, dried figs, tobacco pipes and bowls.

Mr. President, some may ask, "What do those amount to?" Mr. President, they are American businesses.

Mr. DOUGLAS. Mr. President, will the Senator from Oklahoma yield to me?

The PRESIDING OFFICER (Mr. COTTON in the chair). Does the Senator from Oklahoma yield to the Senator from Illinois?

Mr. KERR. I yield.

Mr. DOUGLAS. Has the Senator from Oklahoma read, from the list of industries which applied for relief, the name of the Pregnant Mares' Urine Association?

Mr. KERR. No, Mr. President; but I know that the Senator from Illinois, being an authority on it, would be glad to inform the Senate about it—not that I think the Senator from Illinois would be an exhibit; I want it clearly understood that I did not mean that. [Laughter.]

Mr. President, I read further from the list:

Screened, printed silk scarves; scissors and shears.

Ah, Mr. President. Let those who will laugh at the reading of the names of these American industries. But they make up the economic life of American communities, and the Constitution guarantees those who work in them the right of petition to their Congress, and the Congress has provided a procedure

whereby they can go before the Tariff Commission and can request relief. The Congress put on them the burden of establishing their case, yes. But the Congress gave them that right. So they went before the Commission, and they endured the burden of having to establish the proof and carry the weight of that burden; and then they obtained a recommendation.

Mr. President, I read further from the list:

Lead and zinc.

Mr. President, the lead and zinc industries spent years in establishing their case. Then they had to stand, hat in hand, at the White House, like a mendicant on the street, seeking action by the President of the United States, after the Tariff Commission had voted unanimously that they had been seriously injured. And today lead and zinc mines are shut down in every State of the Union in which lead and zinc mines exist.

Mr. President, I can take you to ghost towns in every lead and zinc mining area in this country—reduced to that status by excessive low-cost imports and the failure of the President of the United States to act upon the recommendation of the Tariff Commission that relief be given the industry.

A few days ago the Senate passed for the lead and zinc industry a subsidy bill which will cost, if enacted into law, \$350 million a year. I was for that bill; but I want to say to you, Mr. President, I felt ashamed that fine American people, destroyed by the operation of the reciprocal trade program, which encouraged and permitted excessive imports, on the one hand, and denied relief from injury on the other hand, had to come to the Congress of the United States and ask for a subsidy to save them from bankruptcy because of the operation of a program instituted by the Congress and carried out by the President of the United States.

Is not that an amazing situation, Mr. President? The Constitution placed the handling of foreign affairs in the hands of the Chief Executive. It placed the regulation of trade and commerce in the Congress. Have my colleagues stopped to think why the Founding Fathers did not place both of those functions in the hands of the President? They knew the operation of each of those functions was irreconcilably inharmonious with the other. They knew if they gave the President of the United States the power to regulate international trade and commerce, it would become an adjunct of the operation of foreign policies, with which duty he was charged by the Constitution. They had enough sense to know that the same identity could not long successfully operate both programs without having one become the handmaiden and the tool of the other. Yet by our action we repeatedly delegate to the Executive our powers and responsibilities in connection with regulating foreign trade and commerce.

Alsike clover seed.

Watches.

Motorcycles and parts.

Bicycles and parts.

Here is an industry on this list whose name I cannot even pronounce—"f-e-r-r-o-c-e-r-i-u-m." It was injured. It proved its case.

Toweling of flax, hemp, or ramie.

Groundfish filets.

Velveteen fabrics.

We closed out a flourishing business in this country which produced velveteen. I challenge Senators to go anywhere in the United States under the canopy of shining stars and find a flourishing velveteen industry. It has been put out of business by imports. The industry was injured by the reciprocal trade program, and the President would not implement a recommendation of the Tariff Commission adequately to enable the industry to survive.

Oh, but representatives of the administration came before the committee, Mr. President. In one of the greatest arrays of official dignity, position, and power that I have ever seen, they came before the committee asking for an extension of this act. They said it means 4½ million jobs.

How ridiculous can men be? They said that the \$20 billion, plus the handling of our exports, plus the jobs of those who handle our imports, provide jobs for 4½ million people, and they say that those jobs are in jeopardy unless there is an extension of the act.

More than half the imports into this country are of duty-free articles. There is no tariff on them. They are on the free list, and have always been. More than half of all the imports into this country are duty free and do not need a reciprocal trade program for their importation. We do not produce coffee, bananas, and many other commodities. There is no duty on them.

Would men be so foolish as to say that the money we pay out for such products, which is in turn used to buy products in this country, which constitute our exports, are dependent on the reciprocal trade agreements program? Certainly not.

A considerable percentage of our exports is made possible by the use in foreign countries of American dollars spent in those countries by American tourists—billions of dollars. Does that traffic depend on the Reciprocal Trade Agreements Act? Certainly not. Whatever dollars American tourists spend in foreign countries are going eventually to be used to buy products which will be exported. Such spending does not depend on the reciprocal trade program. A large percentage of that kind of spending is brought about as a result of our foreign-aid program.

I do not know how many billions of dollars' worth of our exports are of products which we pay people to buy. Do Senators know how many agencies we have now engaged in the business of lending money to foreign corporations, foreign governments, or American corporations to spend in foreign countries? I counted up to 4 or 5, and then I lost track. Every dollar which is loaned for use in a foreign country becomes a dollar which is spent there and which is eventually used to buy something which is exported from this country. Such trade

is not dependent on the reciprocal trade program.

I see present on the floor the chairman of the Committee on Agriculture and Forestry. How many billions of dollars' worth of agricultural products do we export each year by reason of a very low price or by reason of a subsidy making it possible for those products to be exported?

Mr. President, if you analyze the total exports which this country now ships from these shores, you will find that the reciprocal trade program is one of the smaller causes for those exports. The claim that this program is responsible for 4½ million jobs is a patent medicine calculated to fascinate the unwary, and having fascinated them, to become a sedative to their perception and their thought processes. There is no justification for such a claim.

Going down the list, I find items such as clinical thermometers, umbrella frames, stainless-steel table flatware, spring clothes pins, safety pins, straight pins, violins and violas. Those are some of the industries which have established injury and which have had recommendations for relief. There have been 24 positive recommendations, and 5 decided, for a total of 29, yet the President has invoked the escape clause less than one-third of the time—only 9 times.

Mr. President, I did not come to the Senate of the United States to liquidate the powers of the Congress or its responsibilities to the people of my State. Every time we pass a reciprocal trade law we delegate authority. We surrender the right which is ours, under the Constitution, to act to protect the industries in our States from the effects of adverse low-cost foreign imports.

Mr. President, if delegating such power to the President of the United States were all that was involved, it would be one thing, but men who think that such action results in the delegation of an authority to the President which is used by the President have deluded themselves.

I challenge any Senator on the floor of this Senate—the great Chairman of the Committee on Finance, who sponsors the amendment, the great minority leader or the great majority leader; any one of them—to tell the Senate who exercises such delegated authority. Oh, it will be said, "The President of the United States," but that is a fiction. Is there any man present who believes Eisenhower has been making these decisions in the past 5½ years?

Mr. ERVIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from North Carolina?

Mr. KERR. Is there any Senator present who believes Truman made those decisions while he was President?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from North Carolina?

Mr. KERR. I yield.

Mr. ERVIN. The greatest industry in my State is the textile industry, in which 230,000 of my constituents earn their daily bread, by the sweat of their brows.

I should like to ask the Senator from Oklahoma if this statement is not true with respect to the textile industry; namely, that the Congress delegated the power to regulate foreign trade to the President?

Mr. KERR. The Senator is correct.

Mr. ERVIN. And then the President in turn delegated the power to the State Department?

Mr. KERR. I think that is correct.

Mr. ERVIN. And then the State Department in turn delegated the power to the Japanese Government and the Japanese textile industry, so that the largest industry in my State is now regulated by a foreign power; is that not correct?

Mr. KERR. Absolutely, and I will say to the Senator, in the common phrase of today, "You ain't seen nothin' yet."

Wait until Hong Kong develops a textile industry. Wait until Formosa develops a textile industry. Wait until Pakistan develops a textile industry. Then wait until India develops a textile industry.

On the basis of precedent and experience, we delegate the authority to the President, the President delegates the authority to the State Department, and the State Department delegates the authority to these other countries, on the basis of their imposing a quota on how much they will ship into this country. Why, Mr. President, this process will destroy every industry in this Nation which is operated by labor.

We talk about wages. We have developed the greatest way of life on this earth.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield to me?

Mr. KERR. I yield.

ORDER FOR ADJOURNMENT TO 11 A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today it stands in adjournment until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. I thank the Senator.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. KERR. Mr. President, we have developed a way of life based on high individual income, earning power and purchasing power. Those things depend upon wages.

The wages earned in the foreign countries go all the way from 11, 12, or 15 cents an hour in Japan to 45, 50, or 60 cents an hour in Western Europe and the United Kingdom.

We have already reduced the tariffs on textiles and other commodities an average of 80 percent. We are getting ready to authorize a further reduction of 15, 20, or 35 percent of that which now re-

mains. How can American industry survive against that kind of competition, when there is no protection from the Tariff Commission or the President?

What the distinguished Senators seek to strike from the bill is simply an amendment adopted by the Finance Committee which provides that when the Tariff Commission make a recommendation for relief from proved injury the President shall implement that recommendation unless he comes to the Congress and asks the Congress to agree with him in ignoring or overruling the Tariff Commission's recommendation. Then, if Congress approves such action, the President can take it. Is that unreasonable? All in the world that would do, Mr. President, would be to say that the industries in our States would have their fates determined by the Congress instead of some anonymous official.

Are Senators satisfied with the operation of the program with reference to industries in their States? Let me say to my colleagues, if we vote for the motion to strike, in the form of the amendment offered by the minority leader, the majority leader and the great chairman of the Committee on Finance, and other Senators, we are giving a vote of confidence to whoever has been making the decisions to overrule the recommendations of the Tariff Commission.

I have challenged these men to tell the Senate who makes those decisions. They cannot tell us, because they do not know. I sat through all the hearings of the Finance Committee I could attend. I sat through most of them. I have tried to find out who makes the decisions. I know Eisenhower does not make the decisions. I know Dulles does not make them.

I tell the Senate that I have not been able to get the information as to who makes the decisions. Does any Senator know?

Mr. ERVIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Does the Senator from Oklahoma yield to the Senator from North Carolina?

Mr. KERR. I yield.

Mr. ERVIN. On a number of occasions I have communicated with the White House, asking for some measure of protection for the textile industry. At long last, in January of last year, I received a letter from one of the secretaries which stated, "We are happy to inform you that in a few days the Japanese are going to take some steps to grant some measure of protection for the textile industry."

So the people who are regulating the textile industry are the Japanese, and the people who are regulating all other foreign trade industries are persons whose identity is concealed from the Congress. As the Senator from Oklahoma so well says, not a single Member of the Senate knows who those persons are.

Mr. KERR. That is correct.

To whom are we to send representatives of industries in our States when they come here asking for relief? We shall have to say to them, "I do not know.

Let me see. I will write a letter to someone—but to whom shall I write it?"

The purpose of the provision we are now asked to strike is to provide that the Congress shall determine whether or not industry shall get relief. It is not an effort to embarrass the President. It is not an effort to strip him of any power. It is the power, prerogative, and responsibility of the Congress to regulate foreign trade, and to take action to protect an injured industry in any of the States.

It is the purpose of the provision we are now asked to strike to make it possible for the Congress to have something to say about the decision. Otherwise, we give a vote of confidence to those who have been making the decisions. I do not know who they are. I know that some of my friends on the other side of the aisle will say, "I know Eisenhower would not let someone else exercise the power if it were not right."

If we extend this law for 3 or 4 or 5 years, we shall be extending it into a Democratic administration. Then let Senators go home and tell their constituents that they did not want to exercise the responsibility of protecting their rights, as provided by the Constitution. Let them tell their constituents that they have abdicated and delegated that power, by a solemn act, to people unknown.

We talk about knowing who is making the decisions now. Who is to be making the decisions 3 or 4 or 5 years from now? Who is to exercise this authority 2 years from now, 3 years from now, 4 years from now, or 5 years from now? Let Senators tell representatives of the industries in their respective States, "I have confidence in those people who make the decisions."

The constituents will ask, "Confidence in whom?" "Well, I don't know." The constituents will ask, "Who are they?" Then Senators will say, "I don't know. Don't bother me with those details. Someone will be down there."

I have not been able to find such persons in 5½ years; but give me 3 or 4 or 5 more years, and I will find them.

I do not wish to embarrass the President of the United States. I wish to uphold his hand. But I do not wish to abandon the people of my State into the hands of Officials Anonymous. When I give a vote of confidence to someone, I want to know who he is.

If Senators vote for the amendment to strike this provision, it will mean that they will be voting to have the future of the textile industry, the plywood industry, the lead and zinc industry, the glass industry, and other industries, by the score, determined, not by the Congress of the United States, not by the President of the United States, not by the Secretary of State, not by any of his numerous assistants, but by the whims and fancies and will of the industries of 45 or 50 other nations whose names we do not even know. I challenge any Member of this body, either on the basis of knowledge or by reference to any document in his possession, to read off the names of the nations with which we have reciprocal trade agreements, and which, under the extension of the act, if we strike this section from it, will deter-

mine the fate of industries in every State.

That is the question before us. All in the world I sought to do by the amendment which I offered in committee, and which it is now sought to strike from the bill, is to provide that when the Tariff Commission finds injury, such injury shall be relieved. The recommendation of the Tariff Commission will be implemented by the President unless he comes to the Congress and says, "There are conditions of foreign policy which cause me to feel that it would be better not to follow this recommendation. I want you to agree with me." If Congress, by majority vote of both Houses, should agree with the President, he would have authority to override the recommendation of the Tariff Commission.

We are not talking about arranging affairs so as to give someone an advantage. The question before us is whether we are to protect the existence of industries in our States; whether the Congress will decide that question, or whether we shall say, "We are too busy; we have other duties. We are going to provide that the President, or anyone to whom he may delegate the authority, shall make the decision."

That is the question before us in considering the motion to strike this section from the bill. This section was placed in the bill to make it work, not to destroy the program. This section was placed in the bill so that the American people could have a reciprocal trade program with which they could live, rather than a reciprocal trade program which would, by slow, deadly attrition, eventually destroy our economy.

Representatives of the plywood industry came before our committee. The plywood industry operates in many States represented by Members of this body. Those representatives say, "We are out of business. We can no longer survive—not only if another 20 or 25 percent reduction in tariffs is put into effect, but we cannot survive under the conditions which exist today."

They went before the Tariff Commission and did not get relief. We asked them why they did not go back. They said they were pleading their case with the Congress. They said, "Unless you provide that if the Tariff Commission makes a certain recommendation it shall be put into effect, it is no use for us to go there. We are not big enough to get the job done."

To whom shall they go? When the Master had addressed the multitude and fed them, and they had begun to go home, leaving Him with His disciples, He looked out at the great spaces where the multitude had been, and said to His disciples, "Will ye also go away?"

Peter said to Him, "Lord, to whom shall we go?"

I ask Senators, if their people cannot come to the Congress for relief, to whom shall they go?

They are the constituents of Senators. It is their industry which is at stake. The provision in the bill which is sought to be stricken does not injure the program. It improves the program. It

makes it a program with which the American people can live. Under it Senators can decide whether or not recommended relief to an injured industry in their States shall be implemented by the President of the United States, or whether, under the pressure of some foreign policy consideration, he shall decide, as he has many times—or somebody for him—that foreign-policy considerations shall have precedence, even though another American industry thereby becomes a casualty.

If we retain the provision in the bill, we will be the ones who will determine whether we shall give consideration to some fact before us other than the economic welfare of our constituents, to the extent that we will permit them to be destroyed because of some other considerations.

Mr. THYE. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. THYE. I appreciate the Senator's yielding to me. I have been listening to his discussion in support of his amendment in the bill, and why we ought to support it and vote against the pending amendment. It leaves me somewhat disturbed, when I have before me a handful of telegrams from various business establishments in my State. I recognize some of the firms as outstanding business firms. I find that one telegram after the other—they are all from representative business firms—tells me, without mincing words, that I should vote against the Kerr amendment in the bill. For that reason, I am in a perplexed state of mind.

I fully realize that whenever I ask the distinguished Senator from Oklahoma a question about an amendment which he proposes, I subject myself to a colloquy in which I may have the short end of the argument as soon as I enter into it. I recognize that fact. At the same time, I cannot ignore telegrams such as this one:

It is imperative that the Thurmond-Kerr amendment to the Reciprocal Trade Agreements Act be defeated. To maintain the prosperity of the United States, the reciprocal trade agreement should be passed with the 5-year term.

The telegram is signed by the Smith Welding Equipment Corp. in Minneapolis. That is the first telegram. I could read others along the same line.

Before the vote is taken on the amendment now pending before the Senate, I shall obtain the floor to insert these telegrams in the RECORD. However, I say in all sincerity that I am absolutely perplexed, because I have all these telegrams from outstanding firms and business people in my State, urging that I vote against the Kerr amendment.

I have listened to the distinguished Senator from Oklahoma—he is a businessman, and one of the most able of all the businessmen who serves in the Senate, and he has probably amassed greater wealth than anyone else in the Senate, and he is more capable of protecting himself than anyone else in the Senate—plead for his amendment to protect the businessmen and the future of our Nation's economy.

I am honestly disturbed by all these telegrams requesting me to vote against the Kerr amendment. I am still listening to the argument of the Senator why I should vote in support of his amendment in the bill. However, I shall have to yield to the pleas of the businessmen of my State and shall have to support them, because I believe in their convictions and their expressed views, as stated in these telegrams.

Mr. KERR. I have not the slightest doubt how the Senator from Minnesota will vote. I had no doubt about how the Senator would vote even before he rose to address the Senate. I have not the slightest doubt about how he will vote regardless of anything I may say.

Mr. THYE. The Senator from Oklahoma is mistaken in that respect, because I have listened to the Senator preach on Sundays.

Mr. KERR. I may say to the Senator that I believe I have more influence with my good and dear and cherished friend spiritually than I do politically. I wonder how the Senator from Minnesota will vote on the amendment which will be offered to have the Secretary of Agriculture determine the fixing of the quotas for the importation of agricultural products.

Mr. THYE. I am in receipt of telegrams on that subject from farm organizations in my State. One of the telegrams reads:

Extension of the Reciprocal Trade Agreements Act vital to American farmers. Urge you oppose Kerr amendment which would cripple the program by binding the President to Tariff Commission recommendations on escape-clause actions unless Congress votes to override. Our recommendations with respect to other matters involved in this important legislation are contained in our statement of June 30 to the Finance Committee.

The telegraph is signed by Charles B. Shuman, president of the American Farm Bureau Federation.

Mr. KERR. I did not know that Mr. Shuman is a resident of the Senator's State.

I shall tell the Senator how I am going to vote on the farm amendment. I shall vote for the amendment, which will increase the authority of the Secretary of Agriculture to determine the quotas with respect to what agricultural products shall be imported into the country, even though that Secretary is Ezra Taft Benson. I have more confidence in his protecting the American farmer than I have in the State Department or some anonymous identity to whom the authority will be delegated. My good friend from Minnesota may, if he wishes, put his trust in the State Department and this administration and its successor, whoever he may be, and whose identity the Senator does not know. However, all the amendment I have offered, which the committee accepted, and which is now sought to be stricken, provides is that if the Tariff Commission finds an industry has been injured, and recommends relief, the President shall give such relief unless Congress, by majority vote, approves his purposes in vetoing it.

If the Senator from Minnesota wishes to delegate that authority to someone

whose identity he does not know, cannot now find out, and cannot even speculate on as to the future, he may do so. The Senator from Oklahoma will not thus endanger the rights of the people of his State. He will not thus shirk both the opportunity to be of service to the people of his State and the responsibility to be effective in that service, by providing that an unknown identity shall become the arbitrator of their economic destiny.

That is what is involved in the vote which the Senate is to take on the pending amendment. The Senator can read the language of the bill. If he believes it to be dangerous for Congress to keep some kind of check upon the operation of the power to regulate foreign commerce, in accordance with the Constitution of the United States, he should vote for the pending Byrd-Johnson-Knowland amendment.

If he believes that Congress should keep any kind of check on how that authority is used, then he should vote against the pending amendment. If he believes that the matter of regulating the trade and commerce of this country is one with reference to which Congress should have anything at all to say, he should vote against the pending amendment.

Does the Senator from Minnesota believe that the people of his State will be harmed if he keeps within his own hands the power to determine their destiny? Does the Senator from Minnesota believe their interest will be served if the Senator—whom the people have elected to serve and represent them in the Senate—surrenders that power to someone whose identity he does not even know?

I challenge Senators to tell the Senate who has been operating it; who has been making the decisions. I challenge Senators to tell their constituents who will be making the decisions 5 years from now, if the law shall be extended for 5 years.

Then say to them, "I do not feel able to represent you. Certainly, you sent me to the Senate, a body which, under the Constitution, is charged with the responsibility of regulating foreign commerce. But I am inadequate for the job. There are too many technical details involved. So I voted to give the authority to someone else."

They may ask, "To whom did you give it?"

The answer will have to be, "I do not know."

They will ask, "Can you find out?"

If the Senators answer their constituents correctly, they will have to say, "No."

If that is what the constituents of Senators want them to do, then they should do it. But I thank God that the people of Oklahoma, when they voted for me, gave an expression of their confidence in my ability to represent them in accordance with the Constitution of the United States.

I shall not shirk that responsibility. I shall not scorn that duty. I shall not spurn the opportunity to keep in the hands of Congress the right to determine whether recommended relief shall

be arbitrarily denied to an injured industry.

Mr. President, I shall not participate in the liquidation of the power, position, authority, and responsibility of Congress by delegating unreservedly the power to determine whether injury shall be inflicted upon an industry whose very existence is threatened.

I shall not be a party to giving the power to make that determination to anybody, even though I knew who he was, even though his appointment had to be confirmed by the Senate.

I shall certainly not be a party to giving such power to people whose identity I do not know and whose records prove that they finally let other nations, as in the case of Japan, determine how much will be imported into this country at less than half the cost at which an American industry can produce the product.

Mr. THYE. Mr. President, I have received a great number of telegrams concerning the bill. I have alluded to two of them in my brief colloquy with the distinguished Senator from Oklahoma.

Also, I have had an analysis made of the business situation in Minnesota and of the benefits which Minnesota can derive from the reciprocal trade agreements bill which we are discussing and debating.

Approximately 60 percent of the total number of persons in Minnesota are engaged in manufacturing work for firms which fall into 5 major manufacturing classifications: food and kindred products; pulp, paper, and paper products; printing and publishing; fabricated metal products; and nonelectrical machinery.

Minnesota's proportionate share in United States exports of these 5 major manufacturing classifications in 1956 was \$114.7 million. On a proportionate basis, approximately 5,360 Minnesota jobs were created by the Nation's exports of 5 major industry groups.

A surface analysis of the impact of foreign trade on only these 5 Minnesota industry groups alone would be a tremendous undertaking. A few facts will illustrate the depth to which these groups participate in the Nation's foreign commerce and the range of benefits they receive.

Mr. President, I shall not take the time to read the additional facts and statistics, because I think most Senators are familiar with the fact that, nationally, we export twice as much as we import into this land. If all our exports were cut off, a large number of jobs would be in jeopardy.

It is for this reason that I support the Reciprocal Trade Act. It is for this reason that I oppose some of the amendments which the committee placed in the bill which was passed by the House. I feel that a strong Reciprocal Trade Act is a necessity.

We cannot consider other nations to be our friends if we shut our doors to commerce with them. We cannot ask nations such as France, Germany, Belgium, Italy, and Switzerland to open their borders and grant reciprocity to

other nations, while we tighten up and restrict our international trade channels.

I shall support a Reciprocal Trade Act which will be administratively feasible. I have confidence in the President. I have confidence in the Department of State and the Department of Commerce to advise the President on questions arising under the reciprocal trade agreements.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the letter and telegrams I have received from business firms and individuals in Minnesota, and also the statement to which I have referred.

There being no objection, the letter, telegrams, and statement were ordered to be printed in the RECORD, as follows:

ST. PAUL, MINN., July 14, 1958.

Senator EDWARD THYE,

Senate Office Building,

Washington, D. C.

DEAR SENATOR THYE: I have noted with regret that the Senate Finance Committee has made drastic amendments to the House Reciprocal Trade Agreements Act. In the cold war with Russia, it is essential for us to build up good trade relations with other nations and give them some guaranty of our integrity in our relations with them. The bill as amended by the Finance Committee would undermine any feelings of trust they might have in us.

I urge you to work for the passage of the original act as passed by the House—an act which would provide for a 5-year extension of trade agreements; one which gives the President real "veto" in "escape clause" cases; and one which recognizes that our "national security" is more dependent upon good relations with other countries than upon high protective tariffs.

Yours truly,

Mrs. RALPH F. BERDIE.

WINONA, MINN., July 15, 1958.

Hon. EDWARD J. THYE,

United States Senate,

Washington, D. C.:

As member of export advisory committee of flour milling industry urgently solicit your support toward restoring trade agreement bill now before Senate to provisions already passed by House. This action vital in disposal of agricultural surpluses and to expand our international commerce which is critically needed for our economic and military security.

BAY STATE MILLING Co.,
G. E. KELLEY,
Executive Vice President.

MINNEAPOLIS, MINN., July 16, 1958.

Senator EDWARD J. THYE,

Senate Office Building,

Washington, D. C.:

The restrictions on reciprocal trade extension as proposed by Senate Finance Committee don't look at all good to us. Surely hope you will help adoption of the House bill, thus wholeheartedly supporting the meaningful extension of reciprocal trade agreements legislation. Thanks.

F. PEAVER HEFFELFINGER.

WASHINGTON, D. C., July 16, 1958.

Hon. EDWARD J. THYE,

Senate Office Building,

Washington, D. C.:

Reciprocal agreement program would be seriously crippled by Kerr amendment curtailing President's authority to negotiate agreements to American advantage. AFL-CIO respectfully urges its elimination on behalf of over 4 million American workers whose jobs depend upon international trade.

Provision for relatively few workers, communities, and industries adversely affected by imports can and should be met by trade adjustment program in addition to present escape clause provisions.

ANDREW J. BIEMILLER,
Director, Department of Legislation,
AFL-CIO.

MINNEAPOLIS, MINN., July 16, 1958.

EDWARD THYE,
Senator from Minnesota,
Washington, D. C.:

Your support of Reciprocal Trade Agreements Act for 5-year term without Senate Finance Committee's crippling action and without the Thurmond-Kerr amendment respectfully requested.

NORTHWESTERN NATIONAL BANK
OF MINNEAPOLIS,
C. A. WISBY, Foreign Banking.

MINNEAPOLIS, MINN., July 16, 1958.

Senator EDWARD J. THYE,
United States Senate,
Washington, D. C.:

Your support for passage of Reciprocal Trade Agreements Act and defeat of Thurmond-Kerr amendment urgently requested.

M. L. SPIEGEL,
President, La Maur, Inc.

MINNEAPOLIS, MINN., July 16, 1958.

HON. EDWARD J. THYE,
United States Senate,
Washington, D. C.:

Urgent for effective Reciprocal Trade Agreements Act. Please do all possible to defeat Thurmond-Kerr amendment and renew for 5 years the present Reciprocal Trade Agreements Act.

J. M. BROWN.

MINNEAPOLIS, MINN.

HON. EDWARD THYE,
United States Senate,
Washington, D. C.:

Are confident that you will help to defeat Thurmond-Kerr amendment during Senate debate tomorrow.

DEKONING MAICO ELECTRONICS.

MINNEAPOLIS, MINN.

Senator EDWARD THYE,
United States Senate,
Washington, D. C.:

Imperative that the Thurmond-Kerr amendment be defeated in regard to Reciprocal Trade Agreements Act. The 5-year term must be restored to the bill. Request your full support.

DAVE FISCHBEIN CO.,
SAM SHARK.

MINNEAPOLIS, MINN.

Senator EDWARD THYE,
United States Senate,
Washington, D. C.:

Urge that you oppose the Thurmond-Kerr amendment. Support 5-year tariff plan.

LESLIE W. MYERS.

MINNEAPOLIS, MINN., July 14, 1958.

Senator EDWARD THYE,
Senate Office Building,
Washington, D. C.:

I am in favor of the 5-year extension of the trade agreements act as the bill was passed in the House. Do what you can to pass this bill in the Senate.

I strongly protest as my myopic the bill as reported by the Senate Finance Committee.

Mrs. E. J. MEEHAN.

AUSTIN, MINN., July 15, 1958.

HON. EDW. J. THYE,
Senate Office Building,
Washington, D. C.:

Austin League of Women Voters urges

your vote for 5 year extension of Trade Agreements Act as passed by the House.

Mrs. JAMES HUNTING, Jr.

NEW ORLEANS, LA., July 14, 1958.

Senator EDWARD J. THYE,
Senate Office Building,
Washington, D. C.:

International House strongly dedicated to world peace, trade, and understanding, urgently requests that you support reciprocal trade program as passed by the House for full 5 years and without any, repeat, any crippling, amendments.

R. W. FREEMAN,
President, International House.

STATE OF MINNESOTA

Approximately 60 percent of the total number of persons in Minnesota engaged in manufacturing work for firms which fall into five major manufacturing classifications: Food and kindred products; pulp, paper, and products; printing and publishing; fabricated metal products; and non-electrical machinery.

Minnesota's proportionate share in United States exports of these five major manufacturing classifications in 1956 was \$114.7 million. On a proportionate basis approximately 5,360 Minnesota jobs were created by the Nation's exports of five major industry groups.

A surface analysis of the impact of foreign trade on just these five Minnesota industry groups alone would be a tremendous undertaking. A few facts will illustrate the depth to which these groups participate in the Nation's foreign commerce and the range of benefits they receive:

FOOD AND KINDRED PRODUCTS

One thousand one hundred and eighty-three establishments employing 49,470 persons.

Proportionate share of 1956 United States exports, \$38.5 million.

Proportionate number of man-years resulting from exports, 1,010.

Products exported directly from Minnesota: Linseed oil, durom semolina, butter, beer, nonalcoholic beverages, rye and wheat flours, baking mixes, soybean products, animal feeds, pharmaceutical foods, macaroni, wheat germ, cereal, cream, oat products, Swedish style crisp rye bread, and a large variety of meat products including kosher sausage.

PULP, PAPER, AND PRODUCTS

Eighty-one establishments employing 15,428 persons.

Proportionate share of 1956 United States exports, \$12.6 million.

Proportionate number of man-years resulting from exports, 443.

Products exported directly from Minnesota: Pulp, paper, bags, cartons, and other paper containers.

PRINTING AND PUBLISHING

Eight hundred and four establishments employing 19,450 persons.

Proportionate share of 1956 United States exports, \$2.4 million.

Proportionate number of man-years resulting from exports, 63.

Products exported directly from Minnesota: Newspapers, trade papers, periodicals, calendars, books, and advertising novelties.

FABRICATED METAL PRODUCTS

Three hundred and seven establishments employing 9,707 persons.

Proportionate share of 1956 United States exports, \$4.6 million.

Proportionate number of man-years resulting from exports, 294.

Products exported directly from Minnesota: Barrels and drums, aluminum awnings and cooking ware, cans, wire specialties, heating, ventilating and air condition-

ing equipment, steel scaffolding, furnaces, architectural metalwork, fence posts, and structural steel for bridges.

NONELECTRICAL MACHINERY

Four hundred and fifty-four establishments employing 23,492 persons.

Proportionate share of 1956 United States exports, \$56.5 million.

Proportionate number of man-years resulting from exports, 3,548.

Products exported directly from Minnesota: Well drilling equipment, shop presses, portable irrigation systems, road machinery, farm tractors and implements, packaging machines, food machinery, conveyors, and mining machinery.

Well over 500 Minnesota manufacturers sell their products directly in foreign markets. These Minnesota firms are interspersed throughout the State's industry groups. Many of them are in the five industry groups discussed above. Many more are in other industry groups and their products sold directly to foreign markets include railroad crossing signals, welding equipment, electric controls, household electric appliances, generating sets, petroleum products, oil products, outboard motors, safety glass, drugs, pharmaceuticals, embalming fluid, crabgrass killer, plastic moulding, paints, varnishes, enamels, home permanent wave kits, fertilizers, pesticides, addressing machines, duplicating machines, computers, small arms ammunition, brick, women's lingerie, athletic jackets, snow suits, hunting boots, knitted headwear, automobile batteries, and grandfather clocks.

Hundreds more of Minnesota's manufacturers benefit from the Nation's exports, too. Their products become component parts of goods produced by other manufacturers which are sold in foreign markets.

Mr. THURMOND. Mr. President, I take this opportunity to congratulate the distinguished Senator from Oklahoma [Mr. KERR] for a masterful address. I have heard many addresses in this Chamber on various subjects. I do not think I have heard a more effective address on any subject than that which was made by the distinguished Senator from Oklahoma upon the subject of trade agreements.

If Senators will take the time to read the address, which will appear in the CONGRESSIONAL RECORD tomorrow morning, I think they will be convinced that the escape clause provision inserted in the trade agreements bill by the Committee on Finance should remain in the bill as reported by the committee.

Again, I commend and congratulate the distinguished Senator from Oklahoma for his splendid address.

Mr. BRICKER. Mr. President, I do not intend to discuss at length the merits or demerits of the proposal in the amendment which is pending. I was told by one of my distinguished friends that not many votes are changed by any discussions which take place.

However, I did not want any Senator to vote one way or another on the pending amendment on the basis of a legal opinion submitted to the President by the Attorney General, and which was then submitted by the President to Congress.

I shall discuss briefly this odd legal opinion which was recently submitted to the President over the signature of the Attorney General of the United

States, and which the President then forwarded to Congress.

This strange opinion holds that section 6 (c) of the bill, which was proposed by the junior Senator from South Carolina [Mr. THURMOND] and the senior Senator from Oklahoma [Mr. KERR], and then approved by the Committee on Finance, is unconstitutional.

The Thurmond amendment merely provides that findings of the Tariff Commission, if disapproved by the President, shall nevertheless become effective if approved by a concurrent resolution of Congress.

Lawyers in this body may well wonder why I take the time to challenge a constitutional argument so obviously unsound. However, this piece of legal advice to the President is only one of the most recent in a long line of poor opinions.

Most of this bad advice has been presented to the President over the signature of the Attorney General. The President, not being a lawyer, can hardly be criticized for submitting without modification to the Congress the opinions of his chief legal officer on pending legislation.

Both the present Attorney General and his predecessor in office are able lawyers. I am sure they have not written, and in many cases have not even studied, the fallacious constitutional arguments of which they are the ostensible authors. They must be held responsible, nevertheless, for the unhealthy practice of failing to differentiate between legislative proposals which the President considers unwise and measures which are constitutionally objectionable. Mr. President, a foolish law is not necessarily an unconstitutional law.

I ask unanimous consent to have printed at this point in the RECORD the letter and opinion of the Attorney General on section 6 (c) of the pending bill.

There being no objection, the letter and opinion were ordered to be printed in the RECORD, as follows:

The PRESIDENT,

The White House.

MY DEAR MR. PRESIDENT: You have requested me to give you advice on the constitutionality of a proposed amendment to H. R. 12591 as passed by the House of Representatives on June 11, 1958, which is presently under consideration by the Senate Committee on Finance.

H. R. 12591 is an act to extend the authority of the President to enter into trade agreements under section 850 of the Tariff Act of 1930 as amended. As passed by the House of Representatives, section 6 of H. R. 12591 (attached hereto as appendix A) deals with modifications to carry out Tariff Commission escape-clause findings. In brief, section 6 provides that the findings of the Tariff Commission shall be effective when (1) approved by the President or (2) if disapproved by the President, then on adoption by Congress of a concurrent resolution approving them by a two-thirds vote of each House.

In its report on H. R. 12591, the House Committee on Ways and Means explained why it had agreed upon adoption of a concurrent resolution by two-thirds vote of each House as follows (H. Rept. 1761, pp. 12-13, 85th Cong., 2d sess.):

"(b) Adoption of a concurrent resolution by two-thirds vote of each House: Under section 6 of the bill, adoption of such a con-

current resolution, following Presidential disapproval in whole or in part of a Tariff Commission recommendation, requires a two-thirds vote of those present and voting in the House and the Senate. There are practical and legal reasons for this requirement. The practical reason is that it is reasonable to require a substantial majority of the Congress in order to override a Presidential determination where the relief to a domestic industry involves an escape from an international obligation duly assumed by the United States pursuant to a specific authorization to the President by the Congress. As noted above, it is the opinion of your committee that escape actions should not be lightly undertaken, involving as they do not only the interests of American businessmen and consumers, and of other American producers who may lose the benefit of the compensatory concessions which were reciprocally granted to the United States by foreign countries, but also the foreign relations of the United States to a serious degree. Your committee has been impressed with the great impact which escape-clause actions have had upon the foreign relations of the United States.

"Accordingly, it is reasonable and just to require a two-thirds majority of each House to reverse an action of the President in a field which is so intimately related to the conduct of the foreign relations of the United States and where action by the Congress without the immediate participation of the President during the course of such action is involved.

"The legal reasons for the two-thirds majority required in sections 6 and 7 relate to the issue of the validity of the concurrent resolution procedure, under which treatment of imported articles may be changed after the adoption of the concurrent resolution. Although many laws have been enacted during the past 30 years, incorporating the principle of action by the Congress without the participation of the President in terminating legislative authority granted in statutes, or in disapproving action taken by the Executive pursuant to authority granted in statutes, serious questions have been raised respecting the constitutionality of such measures in view of the provisions of article I, section 7, of the Constitution. This article sets forth procedures for enacting bills and with respect to orders and resolutions of the Congress. While no Federal case adjudicating the constitutional issue has been decided, there is no doubt that a substantial constitutional question is involved.

"By requiring a two-thirds vote of each House in adopting a resolution overturning the President's disapproval of a Tariff Commission recommendation in a particular escape-clause proceeding, your committee is of the opinion that, if and when the constitutional question is adjudicated, the position in favor of constitutionality will be enhanced. This is because a procedure whereby the Congress by a two-thirds vote of each House overrides a Presidential determination in a particular escape-clause action—the reason for such action having been communicated to the Congress in much the same fashion as a veto message communicates the reasons for a veto—is analogous to Congress' repassing a bill after a Presidential veto. Your committee has been informed by the executive branch that it, acting upon the advice of the Attorney General of the United States, has no objection to sections 6 and 7 of the bill, considering both the practical and legal questions involved."

Under the amendment now proposed to H. R. 12591 (appendix B) the findings of the Tariff Commission would be effective if disapproved by the President, upon adoption by Congress of a concurrent resolution by a mere majority vote of each House. You request my advice respecting this proposed amendment.

In my opinion, this proposal is clearly objectionable since it appears to be an infringement upon the functions of the President under article I, section 7 of the Constitution.

Article I, section 7, clause 2 in the ordinary circumstances requires the signature of the President upon every bill indicating his approval of it before it shall become a law. It also specifies the procedure, requiring the passing of the bill by a two-thirds majority of each House by which a bill may become a law over the objections of the President.

The House bill attempts to satisfy the constitutional requirement of overriding Presidential action by a two-thirds vote of each House. Although this is not strictly in keeping with constitutional procedure, objection was not raised respecting this technique because Congress was acting in the same way as it could in passing a law over the President's veto.

This is not true of the amendment now proposed to H. R. 12591 under which the Congress by a simple majority in both Houses may override the President's disapproval of Tariff Commission findings.

A provision of this kind would appear directly to invade the prerogative of the President by depriving him of legitimate and essential freedom of action in dealing with legislation which he believes to be unwise or contrary to the public interest, as the Constitution intended. Involving as it does foreign affairs, this particularly is an area from which the President may not properly be excluded under the Constitution, nor should he be as a matter of sound policy.

As you know, this is a field in which the President frequently relies on confidential matters which are not readily available to Congress. It is here through his informed judgment that the President may be of indispensable aid to the adequate functioning of the legislative process. To deny the President a veto power in this field of foreign affairs would be fraught with peril to the proper administration of the Executive Office. Accordingly, to usurp such functions as Presidents have long and ably exercised in this field would be contrary to the doctrine of separation of powers inherent in the Constitution, and destroy the lines of responsibility which the Constitution was designed to assure.

Respectfully,

WILLIAM P. ROGERS,
Attorney General.

APPENDIX A

H. R. 12591, 85th Congress, 2d Session

SEC. 6. Subsection (c) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (c)), is amended by inserting "(1)" after "(c)" at the beginning thereof, and by adding at the end thereof the following:

"(2) The action so found and reported by the Commission to be necessary shall take effect (as provided in the first sentence of paragraph (1) or in paragraph (3), as the case may be)—

"(A) if approved by the President, or

"(B) if disapproved by the President in whole or in part, upon the adoption by both Houses of the Congress (within the 60-day period following the date on which the report referred to in the second sentence of paragraph (1) is submitted to such committees), by the yeas and nays by a two-thirds vote of each House, of a concurrent resolution stating in effect that the Senate and House of Representatives approve the action so found and reported by the Commission to be necessary.

For the purposes of subparagraph (B), in the computation of the 60-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die.

"(3) In any case in which the contingency set forth in paragraph (2) (B) occurs, the President shall (within 15 days after the adoption of such resolution) take such action as may be necessary to make the adjustments, impose the quotas, or make such other modifications as were found and reported by the Commission to be necessary."

APPENDIX B

Excerpt from amendments intended to be proposed by Senator THURMOND to the bill (H. R. 12591) on July 3, 1958:

"Sec. 6. Subsection (c) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (c)), is amended to read as follows:

"(c) (1) Within 30 days after receipt of the Tariff Commission's recommendations, the President shall proclaim such adjustments in the rate or rates of duty, impose such quotas, or make such other modifications as are recommended by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, unless, prior to the expiration of such 30 days, the President shall have submitted a report to the Congress recommending that no such adjustments or modifications be made, or no such quotas be imposed, or recommending a rate of duty as an alternate to that recommended by the Tariff Commission, or recommending a quota as an alternate to that recommended by the Tariff Commission, or recommending a rate of duty as an alternate to a quota recommended by the Tariff Commission, or recommending a quota as an alternate to a rate of duty recommended by the Tariff Commission, as a means of preventing or remedying serious injury to the respective domestic industry, be adopted. If either the Senate or the House of Representatives, or both, are not in session at the time of such submission, such report shall be filed with the Secretary of the Senate or the Clerk of the House of Representatives, or both, as the case may be.

"(2) If the President submits his report to the Congress while the Congress is in session and more than 90 days before the date on which the Congress adjourns sine die, he shall, within 90 days after the submission of such report, proclaim such adjustments, quotas, or other modifications as have been recommended by the Commission, unless prior to the expiration of such 90 days, both Houses of Congress shall have adopted a concurrent resolution stating in effect that the Senate and House of Representatives approve the recommendations made by the President, in which event the President shall proclaim the recommendations so approved. If the President submits his report—

"(A) when the Congress is not in session, or

"(B) less than 90 days before the adjournment of the Congress sine die and the Congress before such adjournment has not acted on a concurrent resolution approving the recommendations made by the President,

the adjustment in the rate or rates, quotas, or other modifications specified in the recommendations of the Commission shall become finally effective 90 days after the date on which the next session of the Congress begins, unless during such 90-day period of the Congress, by concurrent resolution, shall have approved the President's recommendations."

Mr. BRICKER. Mr. President, as almost every schoolboy knows, article I, section 7, clause 2 of the Constitution requires Presidential approval of every bill before it shall become law, except that the President's veto may be overridden by a two-thirds majority of each House.

The pending bill, H. R. 12591, will not become law except in strict accordance with the provisions of article I, section 7, clause 2.

The opinion of the Attorney General is bottomed on the ludicrous premise that the President's disapproval of Tariff Commission findings is in some way analogous to the President's veto of a bill passed by the Congress. Therefore, according to the Attorney General, "overriding Presidential action by a two-thirds vote of each House," although "not strictly in keeping with constitutional procedure," is not highly objectionable—a rather strange conclusion based on a strange set of facts.

To this nonsense there is an obvious answer: The Tariff Commission is not the Congress. When the President reverses Tariff Commission findings, he is empowered to do so by an act of Congress; but when he vetoes a bill, he is acting in opposition to the expressed will of the Congress, as he is authorized to do by the Constitution of the United States.

According to the opinion of the Attorney General, the Thurmond amendment would deprive the President—

of legitimate and essential freedom of action in dealing with legislation which he believes to be unwise or contrary to the public interest, as the Constitution intended.

This is indeed novel doctrine. The President has only one constitutional power in respect to dealing with proposed legislation which he deems to be "unwise or contrary to the public interest." That is to veto it. If the proposed legislation takes effect against his will, or if it confers less freedom of action for him than he thinks essential, his duty under the Constitution is to faithfully execute the law as enacted by Congress.

The last two paragraphs of the letter of the Attorney General attempt to rewrite express constitutional provisions. Remember, Mr. President, we are dealing with powers expressly delegated to the Congress. Article I, section 8, clause 1, provides:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises.

Also, the Congress, by article I, section 8, clause 3, shall have power: "To regulate commerce with foreign nations."

As the opinion of the Attorney General points out, these powers, expressly conferred on the Congress, relate to foreign affairs; the aid of the executive branch may be indispensable if they are to be exercised wisely; and, as a matter of sound policy, it may be advisable to delegate a portion of this authority to the President, in certain cases, without suffocating restrictions. But when the Attorney General says that "this is an area from which the President may not properly be excluded under the Constitution," he is flatly contradicting what was plainly written in 1787.

The President has no inherent veto power in this field. If a bill respecting tariffs or foreign commerce becomes law, and if it confers on the President veto power over agency action, that veto power can be set aside upon the happen-

ing of whatever event the Congress may see fit to specify. Since the President's authority in this field stems solely from an act of Congress, Congress may provide that it shall be superseded by the adoption of a concurrent resolution the adoption of a simple resolution, the action of a Senate committee or House committee, or by the winning of the national championship in baseball by a particular team. Some or all of these conditions may be unwise, but that does not mean they are unconstitutional.

Mr. President, I merely rise to express my opinion on this matter, in the hope that no Senator will vote either for or against the pending amendment or motion or the Kerr-Thurmond amendment to the bill on the ground that it is unconstitutional. It has no relation to the power given by the Constitution to the President to veto a law passed by the Congress. The Senate and the House of Representatives may include in any bill which they pass a provision for the exercise of power by the President, subject to any condition which Congress may wish to impose. The Thurmond-Kerr amendment is exactly of that description, and is in accordance with the Constitution of the United States.

Mr. THURMOND. Mr. President, will the Senator from Ohio yield to me?

Mr. BRICKER. I yield.

Mr. THURMOND. Mr. President, I should like to congratulate the able Senator from Ohio for his penetrating analysis of the ridiculous opinion by the Attorney General.

I should like to ask the Senator from Ohio whether the opinion of the Attorney General is not just another step along the line of the propaganda which has been disseminated in an effort to have the Congress pass this bill as approved by the House.

Mr. BRICKER. I do not know what was back of it; but I do know that the opinion will not hold water, insofar as I can analyze it; and I have not had any lawyer, either in this body or outside it, intimate to me that the opinion is a sound one under the Constitution.

Mr. THURMOND. I should like to ask the Senator from Ohio whether he received a pamphlet entitled "Study of the Impact of World Trade on the State of Ohio"?

Mr. BRICKER. I received one of them; I think it came from the Department of Commerce.

I also wrote to a number of industries in the State—to 160 or 170 of them, I believe. And when their answers came back, I was just about as confused as I was when I read the report from the Department of Commerce.

Mr. THURMOND. Did the Senator from Ohio receive, accompanying the pamphlet, a letter to the effect—that, "I am pleased to give you a copy of the requested study of the impact of world trade on the State of Ohio."

Mr. BRICKER. Yes, I think there was such a letter in connection with the pamphlet. Of course, we become so accustomed to having the Departments of the administration lobby around the Capitol, that it is almost a rule for them to do so; and the opinion of the Attorney General is almost in the same class. I

do not charge him with such a purpose; but I say he is wrong, as a constitutional lawyer, in submitting to the President an opinion of that kind.

Mr. THURMOND. Does the Senator from Ohio know whether the pamphlet was sent to all the Members of Congress, along with a similar covering letter?

I should like to read the one I received:

THE ASSISTANT
SECRETARY OF COMMERCE,
Washington, D. C.

HON. STROM THURMOND,
United States Senate,
Washington, D. C.

DEAR SENATOR THURMOND: I am pleased to give you a copy of the requested study of the impact of world trade on the State of South Carolina.

It is our hope that this will prove beneficial to you. Your suggestions as to the subject matter will be appreciated.

Please let me know when we can be of service.

Sincerely yours,

HENRY KEARNS,
International Affairs.

That letter came from the Assistant Secretary of Commerce. It is a form letter which was sent to all the Members of Congress.

I had not requested any study of the impact of world trade on the State of South Carolina.

The senior Senator from my State [Mr. JOHNSTON of South Carolina] tells me that he had not requested any such study.

Representative RIVERS, of the First District of South Carolina, says he has not requested any such study.

Representative RILEY, of the Second District of South Carolina, says he has not requested any such study.

Representative DORN, of the Third District of South Carolina, says he has not requested any such study.

Representative ASHMORE, of the Fourth District of South Carolina, says he has not requested any such study.

Representative HEMPHILL, of the Fifth District of South Carolina, says he has not requested any such study.

Representative McMILLAN, of the Sixth District of South Carolina, says he has not requested any such study.

In other words, this pamphlet, which we received, is a sham and a fraud on the Members of Congress—in this case, on the South Carolina congressional delegation, for not one Member of Congress from South Carolina—either a Senator or any 1 of the 6 Members of the House of Representatives who come from South Carolina—requested the pamphlet. It is simply a propaganda means of getting that information into the hands of the Members of Congress in an effort to lobby for the House version.

A letter identical to the one written to me was written to the Honorable L. MENDEL RIVERS. As I stated, no Member of Congress from South Carolina requested this information.

Furthermore, to show how ridiculous it is, and how the turning out of this material in mass form took place, the Assistant Secretary of Commerce, Henry Kearns, did not even sign these letters. This letter is signed, "Henry Kearns,

R. H." In other words, the Assistant Secretary of Commerce was not even courteous enough to sign a letter he wrote to a United States Senator or to a Member of the House of Representatives. It is simply a means and a method of propaganda to try to get the House version passed.

I do not know how many thousands of dollars were spent in preparing this pamphlet for South Carolina. I understand a similar pamphlet was prepared for every other State and many districts—in fact 120 different pamphlets were prepared in all—to try to furnish figures and data in an effort to get the House version passed.

I wonder if the Senator from Ohio knows that, and whether it has been called to his attention.

Mr. BRICKER. I did not know it. I am not in the situation the distinguished Senator from South Carolina is in. I did request a study on the part of the Commerce Department as to what effect the bill would have on employment in my State and on industries, particularly those which have a high incidence of labor cost. I received a study—I presume it is the same kind of analysis the Senator from South Carolina received—from the Department of Commerce. I also talked to Mr. Kearns about it after I received it.

I do not know that anybody can analyze the study. Certainly, it cannot be done by a quotient figure, such as is contained in the analysis by the Commerce Department.

When I received replies from industries in my State, there was still utter confusion as to whether the program was beneficial or harmful to the people of my State, and to the employees and industry as well. I think it is a matter we must decide upon principle. There is no way one can get a quotient verdict telling whether it is good or bad so far as concerns displacing people from employment or so far as concerns whether an industry will be built up or destroyed.

Mr. THURMOND. In my State of South Carolina the textile industry is a very important one. Seventy-five percent of all the people in industry in South Carolina are employed in the textile industry. The industry provides 80 percent of all industrial payrolls.

Since World War II, this is what has happened to the textile industry in this country. I should like to read about 4 or 5 statements and call them to the Senator's attention. I think this is illustrative of other industries, too.

Employment in the textile industry has declined by 345,000 jobs.

Seven hundred and seventeen textile mills have closed. One in my State has closed within the last week or two—Victoria Cotton Mills in Rock Hill, S. C., which manufactured gingham. The president of that company, Mr. William J. Roddey, told me he could not compete with the Japanese, who are now sending in such tremendous quantities of gingham to this country.

The number of spindles in place in American cotton mills has declined by 2,375,000.

Imports of cotton textile yardage have increased from 15,962,000 in 1947 to 122,444,000 in 1957. The total value of all imported manufactured cotton increased from \$24 million in 1947 to \$136,163,818 in 1957.

Imports of woolen goods increased from 4,635,000 square yards in 1947 to 32,313,000 square yards in 1957. The total value of all imported manufactured wool increased from \$33,100,000 in 1947 to \$143,069,942 in 1957.

That is typical of what is happening to the textile industry. It will be destroyed. The textile industry has already lost 345,000 jobs. Three hundred and forty-five thousand American citizens have been displaced from their right to work and earn a living for their families, because since World War II ended, the low-wage imports which have come into this country have created such stiff competition that the domestic companies could not make the grade.

I am wondering if the Senator from Ohio feels, in view of such a situation, that any Senator from a textile manufacturing State could be expected to support a trade bill of this nature without some reasonable escape clause provision, such as that which was adopted by the Finance Committee of the Senate.

Mr. BRICKER. I am very appreciative of what the Senator from South Carolina has said. In my section of the country no industry has been so adversely affected as has the textile industry, although industries producing glass, bicycles, toys, rubber goods, pottery, and many others which have a high incidence of labor cost have been very adversely affected. The largest violin company in the United States, which was located in my home city, went out of business because of imported Japanese and German violins. The number of pottery plants has decreased sharply in my State. On the other hand, there is a group of exporting industries in Ohio, such as heavy machinery, road-building machinery, and the like, which do furnish many jobs, and which have been benefited. I was particularly interested in learning that some of those in the machine tool industry said they had been sustained by exports. Other companies in the same industry said they were being destroyed by imports.

It is a perplexing question. As I stated previously, it is a question which I think we shall have to decide on principle, and not so much on whether it affects us dollarwise or economywise, because it is difficult to come to a conclusion as to what the adverse or beneficial effects will be.

Mr. THURMOND. May I ask the Senator from Ohio whether there is any plywood and veneer industry in his State?

Mr. BRICKER. To some extent, but not much.

Mr. THURMOND. Fifty-two percent of all the plywood now used in the United States is imported from other countries, chiefly from Japan. In other words, the thousands of persons engaged in the plywood industry have had 52 percent of their business taken away from them. Naturally, there has been a proportion-

ate decrease in employment in that important industry in this country.

Mr. BRICKER. I did learn something, which I think is utterly illogical: People are either for or against the program in a decisive way, and they think that either their industry is going to be built up or destroyed. It must be realized that we are going to have foreign trade, just as we have had it in the past. We had foreign trade even when we had high tariffs. Now those tariffs have been reduced. Nowhere in the world do countries have lower tariffs than we do. Quotas are being imposed against imports of our products. I was speaking to a manufacturer in front of the hotel this morning, and I asked him why he had built a plant in a foreign country. He informed me that he could not ship his products from this country, because foreign countries have a tariff wall against our products, and that the people in those countries cannot buy products made in the United States. Capital can be exported, but jobs cannot be exported to manufacture those products. There has been an undermining of certain industries. The value of imports does not equal that of exports, but when the cost of the travel of our people and the expenses they pay in foreign countries and the money we are paying all over the world are added to the value of imports, I think the values of imports and exports very nearly balance at the present time.

This will not throw us very much out of balance, except in those instances where the labor cost is extremely high.

Mr. THURMOND. I am sure the distinguished Senator from Ohio, as does the junior Senator from South Carolina, believes in trade with foreign countries.

Mr. BRICKER. We have to have trade with foreign countries.

Mr. THURMOND. I believe in trade. We have to have trade with foreign countries. The escape clause provision inserted in the bill by the Committee on Finance of the Senate would merely give some protection to the American working people by providing that it has been clearly shown that a particular industry is jeopardized, and the Tariff Commission so finds, the Congress by a simple majority vote must concur with the President's proposed veto of the Tariff Commission finding, if the recommended relief is to be denied.

Mr. BRICKER. The findings of the Tariff Commission, especially those reversed by the President, will not affect 1 percent of our trade; but they will affect the jobs of certain people. I care not in what industry a man is engaged—in the making of bicycles, in the making of toys, or what not—he is just as important, and his job is just as important as any other, even in a large industry. The job is just as important to the man, and the man is entitled to protection which will give him a fair break in the competitive field of labor.

Mr. THURMOND. Again I congratulate the able and distinguished Senator from Ohio for the fine analysis he has made.

Mr. BRICKER. I thank the Senator from South Carolina.

Mr. President, I yield the floor.

Mr. BUTLER. Mr. President, during recent weeks I have received many communications with reference to the extension of the trade-agreements program. This proposed legislation is one of the most important issues before us. It involves economic and constitutional questions of great import.

When this program was first adopted in 1934, it was our hope that the lowering of our tariff barriers would induce other countries to take similar steps so that in time the economies of the world could be adjusted so that each nation could maximize its productive efforts. Needless to say, we were thinking of a world at peace where the energies of everyone could be devoted to raising living standards with minimum considerations for defense.

My approach to this problem has been greatly influenced by the writings of Adam Smith in *The Wealth of Nations*. His monumental work, which provides the basic tenets for our private enterprise economy, was written in 1776, the same year as our Declaration of Independence.

Adam Smith believed that a free economy operated to serve the needs of consumers without government direction or control would produce the greatest well-being for all peoples everywhere. Accordingly, he supported free trade and opposed the mercantilist philosophy which dominated the thinking of most of the economists of his period. I, too, favor a world economy in which tariff barriers are reduced to the lowest possible point and in which individuals everywhere can trade with one another. It is important, however, to realize that Adam Smith was thinking primarily of trade between private individuals without government controls or restrictions anywhere.

While the United States resorts to very few import restrictions other than tariff, unfortunately, many of our trading partners still use quantitative controls which are far more restrictive than any tariff. It is a source of great concern to me that in spite of 24 years under the trade-agreements program we have not succeeded in inducing our trading partners to remove these impediments to trade. They have been imposed for a wide variety of reasons—to foster economic development, to conserve dollar exchange and to protect domestic producers. A study by the House Ways and Means Committee shows that 62 countries require import licenses, 33 license foreign exchange, and 13 employ state trading. If we are really to have freer trade, it must be truly on a reciprocal basis. We must be more successful in securing the elimination of quantitative controls which interfere with American exports through GATT negotiations.

Our tariffs are now at a low level. The majority report of the House Ways and Means Committee shows our average tariff is now 5.9 percent. Of 42 countries listed in the report, only 8 had a lower tariff level, and they used quantitative controls to limit imports.

Mr. President, for many years it has been impossible to approach this problem solely in the light of desirable eco-

nomie considerations for a world at peace. Unfortunately, we are still living in a world in which national security considerations must influence all of our decisions. Hence, I have exerted every effort to expand our Merchant Marine. I have sponsored legislation to provide Government support for shipbuilding and for American flag maritime operators. In a world permanently at peace this position might not be justified. According to the theory of free trade, if other maritime powers are able to transport our goods more economically we should abandon our merchant marine and permit others to earn the dollars to purchase American products where our comparative advantage is greater. Certainly such a course would be disastrous in the world of today. In 1939 when hostilities commenced in Europe, all of the belligerents diverted their merchant marine to their necessary military needs. We can never afford to be placed in a position of complete dependence on others to secure strategic materials for our industries and transportation for our troops. Accordingly, I have never been troubled by any conflict in supporting legislation to keep the American flag flying on the high seas while at the same time favoring the maximum freedom of trade.

Mr. President, Adam Smith specifically dealt with this very situation. In describing the advantages of free trade, he clearly expressed the views which I hold. He said:

It is the maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy. The tailor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes, but employs a tailor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbours, and to purchase with a part of its produce, or what is the same thing, with the price of a part of it, whatever else they have occasion for.

What is prudence in the conduct of every private family, can scarce be folly in that of a great kingdom. If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage.

However, Adam Smith was a realist, and in 1776 England was confronted with many of the strategic problems which now confront us. This is what Adam Smith had to say about the necessity of maintaining the British maritime industry through the act of navigation:

When the act of navigation was made, through England and Holland were not actually at war, the most violent animosity subsisted between the two nations. It had begun during the government of the long parliament, which first framed this act, and it broke out soon after in the Dutch wars during that of the Protector and of Charles the Second. It is not impossible, therefore, that some of the regulations of this famous act may have proceeded from national animosity. They are as wise, however, as if they had all been dictated by the most deliberate wisdom. National animosity at

that particular time aimed at the very same object which the most deliberate wisdom would have recommended, the diminution of the naval power of Holland, the only naval power which could endanger the security of England.

The act of navigation is not favorable to foreign commerce, or to the growth of that opulence which can arise from it. The interest of a nation in its commercial relations to foreign nations is, like that of a merchant with regard to the different people with whom he deals, to buy as cheap and to sell as dear as possible. But it will be most likely to buy cheap, when by the most perfect freedom of trade it encourages all nations to bring to it the goods which it has occasion to purchase; and, for the same reason, it will be most likely to sell dear, when its markets are thus filled with the greatest number of buyers. The act of navigation, it is true, lays no burden upon foreign ships that come to export the produce of British industry. Even the ancient aliens duty, which used to be paid upon all goods exported as well as imported, has, by several subsequent acts, been taken off from the greater part of the articles of exportation. But if foreigners, either by prohibitions or high duties, are hindered from coming to sell, they cannot always afford to come to buy; because coming without a cargo, they must lose the freight from their own country to Great Britain. By diminishing the number of sellers, therefore, we necessarily diminish that of buyers, and are thus likely not only to buy foreign goods dearer, but to sell our own cheaper, than if there was a more perfect freedom of trade. As defense, however, is of much more importance than opulence, the act of navigation is, perhaps, the wisest of all the commercial regulations of England.

Mr. President, I agree with Adam Smith's statement that "defense, however, is of much more importance than opulence." Hence, I am concerned that while we should do everything in our power to promote the expansion of world trade, we must insure adequate safeguards for the continued growth and expansion of those industries which are necessary to provide our mobilization requirements.

We must provide the producers of oil, coal, nonferrous metals, chemicals, and other strategic materials with an opportunity to maintain trained personnel and modern productive facilities adequate to meet any emergency. Experience indicates that the expansion of basic industries during a period of crisis is extremely costly. In the future we may not have the time, regardless of the cost, to secure added production unless our domestic industries are maintained in a healthy condition. So much for the economics.

We are confronted with a further problem. The Constitution has provided that each of the coordinate branches of the Federal Government has certain clearly defined functions and responsibilities. H. R. 12591, as passed by the House, would extend the President's authority to negotiate trade agreements for a period of 5 years, thereby absolutely binding the 86th and 87th Congresses. If the powers approved by the House should be enacted, the act would expire during the life of the 88th Congress. However, the President would be authorized to make agreements providing for tariff reductions over a 5-year period at any time before the expiration

of the act. Hence, an agreement made during the fifth year of the negotiating authority could provide for tariff reductions over the 5 succeeding years. In other words, Mr. President, this legislation would in effect establish a 10-year program of trade agreements. No action could be taken by the Congress in opposition to the Executive in connection with these agreements unless a two-thirds majority in both Houses passed the necessary legislation over a veto. In good conscience we cannot assume the responsibility of tying the hands of future Congresses and delegating such powers to a President yet to be nominated and elected.

The Constitution does provide that the conduct of foreign policy is an executive function; however, it also provides in article I, section 8, that "The Congress shall have power to lay and collect taxes, duties, imports and excises."

Mr. President, I support the action of the Senate Finance Committee, which has reported a 3-year extension. Furthermore, the tariff reductions must all be made effective within the 3-year period. This measure also takes appropriate action to assist, within a reasonable time, American industries which may require protection in order to preserve our national security.

Mr. PAYNE. Mr. President, I offer a substitute to the amendment offered by the distinguished majority leader, Mr. JOHNSON, of Texas, and other Senators to the bill under consideration.

The PRESIDING OFFICER. The amendment to the amendment will be stated for the information of the Senate.

Mr. PAYNE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with, that the amendment to the amendment, be printed in the RECORD, and that the substitute amendment be printed and be available to the Members of the Senate tomorrow.

The PRESIDING OFFICER. The amendment will be received, printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment proposed by Mr. PAYNE in the nature of a substitute for the amendment offered by Mr. JOHNSON, of Texas, for himself and other Senators, is as follows:

On page 15, beginning with line 20, strike out all through line 15 on page 17 and insert in lieu thereof the following:

"(c) (1) Within 30 days after receipt of the Tariff Commission's recommendations, the President shall proclaim such adjustments in the rate or rates of duty, impose such quotas, or make such other modifications as are recommended by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, unless prior to the expiration of such 30 days, the President shall have submitted a report to the Congress recommending that no such adjustments or modifications be made, or no such quotas be imposed, or recommending that alternative means of preventing or remedying serious injury to the respective domestic industry be adopted. Such recommendations by the President will become effective, unless prior to the expiration of 60 days, or in the event the Congress is not in session at the time the recommendation is submitted, within 30 days after

the Congress next convenes, both Houses of Congress shall have adopted a concurrent resolution stating in effect that the Senate and House of Representatives approve the recommendations made by the Tariff Commission, in which event the President shall take such action as may be necessary to carry out the recommendations so approved.

On page 17, line 16, strike out "(3)" and insert "(2)."

On page 18, beginning with line 19, strike out all through line 12, page 19, and insert in lieu thereof the following:

(b) As used in this section, the term "resolution" means only a concurrent resolution of the two Houses of Congress, the matter after the resolving clause of which is as follows (with appropriate changes to cover the situation referred to in section 7 (c) (2) of the Trade Agreements Extension Act of 1951, as amended by the Trade Agreements Extension Act of 1958): "That the Senate and House of Representatives approve the action—

"(1) found and reported by the United States Tariff Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, in its report to the President dated , 19 , on its escape-clause investigation number under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), and

"(2) disapproved by the President in whole or in part in his report (dated , 19) pursuant to paragraph (1) of section 7 (c) of such act."

the blank spaces therein being appropriately filled; and does not include a concurrent resolution which specifies more than one such investigation.

Mr. PAYNE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PAYNE. Is my understanding correct that the substitute amendment which has been offered will take precedence over the amendment offered by the Senator from Texas [Mr. JOHNSON] and other Senators?

The PRESIDING OFFICER. The Senator is correct.

Mr. PAYNE. I thank the Chair.

Mr. MALONE obtained the floor.

Mr. MORSE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Oregon?

Mr. MALONE. I am happy to yield to the distinguished Senator from Oregon.

AMERICAN FOREIGN POLICY IN THE MIDDLE EAST

Mr. MORSE. Mr. President, if I were to name what I consider to be the greatest need of the United States tonight, of the many things we need, I would name first of all the need for a new Secretary of State.

It seems to me that I have no right to suggest we need a new Secretary of State unless I am also willing to make suggestion as to someone I think would be a good replacement. I think it would be very much in the interest of the American people, in view of the tragedy which is occurring so far as the position of the United States in world opinion in these hours is concerned, if we had someone in charge of the State Department with the vision and obvious

Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 17, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Proposed by Mr. PAYNE to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz:

1 On page 15, beginning with line 20, strike out all
2 through line 15 on page 17 and insert in lieu thereof the
3 following:

4 “(c) (1) Within thirty days after receipt of the Tariff
5 Commission’s recommendations, the President shall proclaim
6 such adjustments in the rate or rates of duty, impose such
7 quotas, or make such other modifications as are recom-
8 mended by the Commission to be necessary to prevent or
9 remedy serious injury to the respective domestic industry,
10 unless prior to the expiration of such thirty days, the Presi-

1 dent shall have submitted a report to the Congress recom-
2 mending that no such adjustments or modifications be made,
3 or no such quotas be imposed, or recommending that alter-
4 native means of preventing or remedying serious injury
5 to the respective domestic industry be adopted. Such rec-
6 ommendations by the President will become effective, unless
7 prior to the expiration of sixty days, or in the event the
8 Congress is not in session at the time the recommendation
9 is submitted, within thirty days after the Congress next con-
10 venes, both Houses of Congress shall have adopted a con-
11 current resolution stating in effect that the Senate and House
12 of Representatives approve the recommendations made by
13 the Tariff Commission, in which event the President shall
14 take such action as may be necessary to carry out the rec-
15 ommendations so approved.”

16 On page 17, line 16, strike out “(3)” and insert
17 “(2)”.

18 On page 18, beginning with line 19, strike out all
19 through line 12, page 19, and insert in lieu thereof the
20 following:

21 “(b) As used in this section, the term ‘resolution’
22 means only a concurrent resolution of the two Houses of
23 Congress, the matter after the resolving clause of which is as
24 follows (with appropriate changes to cover the situation
25 referred to in section 7 (c) , (2) of the Trade Agreements

1 Extension Act of 1951, as amended by the Trade Agree-
2 ments Extension Act of 1958) : 'That the Senate and House
3 of Representatives approve the action—

4 “(1) found and reported by the United States
5 Tariff Commission to be necessary to prevent or remedy
6 serious injury to the respective domestic industry, in its
7 report to the President dated , 19 , on
8 its escape-clause investigation numbered under
9 the provisions of section 7 of the Trade Agreements Ex-
10 tension Act of 1951, as amended (19 U. S. C., sec.
11 1364), and

12 “(2) disapproved by the President in whole or in
13 part in his report (dated , 19) pursuant
14 to paragraph (1) of section 7 (c) of such Act.’
15 the blank spaces therein being appropriately filled; and does
16 not include a concurrent resolution which specifies more
17 than one such investigation.”

AMENDMENTS

Proposed by Mr. PAYNE to the bill (S. 12591)
to extend the authority of the President to
enter into trade agreements under section
350 of the Tariff Act of 1930, as amended,
and for other purposes.

JULY 17, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 17, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. PURTELL to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz:

1 On page 2, strike out lines 4 through 6 and insert in
2 lieu thereof the following:

3 “(1) Paragraph (2) (A) is amended to read as
4 follows:

5 “ ‘(A) Increasing by more than 50 per centum
6 any rate of duty existing on July 1, 1934, except that
7 in the case of a specific duty, the proclamation by the
8 President may convert such specific duty as it existed
9 on July 1, 1934, to its ad valorem equivalent based on

1 1934 value and may increase such ad valorem rate by
2 not more than 50 per centum.' ”

3 On page 9, between lines 22 and 23, insert a new sub-
4 section as follows:

5 “(d) Subsection (a) of section 7 of such Act is
6 amended by striking out the third sentence and inserting in
7 lieu thereof the following: ‘Should the Tariff Commission
8 find, as a result of its investigation and hearings, that a
9 product on which a concession has been granted is, as a re-
10 sult, in whole or in part, of the duty or other customs treat-
11 ment reflecting such concession, being imported in such in-
12 creased quantities, either actual or relative, as to cause or
13 threatened serious injury to the domestic industry producing
14 like or directly competitive products, it shall recommend to
15 the President the withdrawal or modification of the con-
16 cession, its suspension in whole or in part, the establishment
17 of import quotas, to the extent and for the time necessary
18 to prevent and remedy such injury. The Tariff Commission
19 shall not recommend any increased duty which is more than
20 50 per centum above the rate existing on July 1, 1934:
21 *Provided, however,* That in the case of a specific duty, the
22 Commission may convert such specific duty as it existed
23 on July 1, 1934, to its ad valorem equivalent on the basis

1 of 1934 value as found by the Commission, and the Commis-
2 sion may recommend that such ad valorem rate be increased
3 by not more than 50 per centum.' ”

85TH CONGRESS
2d Session

H. R. 12591

AMENDMENTS

Intended to be proposed by Mr. PURTELL to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 17, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 17, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. SMITH of New Jersey to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz:

1 On page 1, line 9, strike out "1961" and insert in lieu
2 thereof "1963".

3 On page 3, line 17, strike out "15" and insert in lieu
4 thereof "25".

5 On page 4, line 19, strike out "three" and insert in lieu
6 thereof "five".

7 On page 4, line 20, strike out "5" and insert in lieu
8 thereof "10".

9 On page 4, line 23, strike out "5" and insert in lieu
10 thereof "10".

1 On page 5, line 4, strike out “three” and insert in lieu
2 thereof “five”.

3 On page 5, line 13, strike out “three” and insert in lieu
4 thereof “five”.

5 On page 6, strike out lines 4 to 17, inclusive, and insert
6 in lieu thereof the following:

7 “(C) In the case of any decrease in duty to which sub-
8 paragraph (A) of this paragraph applies, no part of a de-
9 crease after the first part shall become initially effective (i)
10 until the immediately previous part shall have been in effect
11 for a period or periods aggregating not less than one year,
12 nor (ii) after the first part shall have been in effect for a
13 period or periods aggregating more than four years. If any
14 part of a decrease has become effective, then any time there-
15 after during which such part of the decrease is not in effect
16 by reason of legislation of the United States or action there-
17 under shall be excluded in determining when the four-year
18 period expires.”

AMENDMENTS

Intended to be proposed by Mr. SMITH of New Jersey to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 17, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 17, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. DOUGLAS to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz:

- 1 On page 2, strike out lines 4 to 6, inclusive, and re-
- 2 number succeeding paragraphs.
- 3 On page 7, lines 14 and 15, strike out “ “existing on
- 4 July 1, 1934”, ’”.

7-17-58—D

AMENDMENTS

Intended to be proposed by Mr. Douglas to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 17, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2^D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 17, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. PURTELL to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz: On page 9, after line 22, insert the following:

1 (d) Such section 7 is further amended by adding at
2 the end thereof the following new subsection:

3 “(g) It is the sense of the Congress that in the admin-
4 istration of this section quotas should be imposed where
5 necessary to prevent or remedy serious injury to the re-
6 spective domestic industry.”

Calendar No. 1875

85TH CONGRESS
2d Session

H. R. 12591

AMENDMENT

Intended to be proposed by Mr. PURRELL to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JUNE 17, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 17, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Proposed by Mr. JOHNSON of Texas (for himself, Mr. KNOWLAND, Mr. BYRD, Mr. MARTIN of Pennsylvania, Mr. DOUGLAS, and Mr. WILLIAMS) to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz:

- 1 On page 15, beginning with line 17, strike out through
- 2 line 18 on page 22.

7-17-58—I

85TH CONGRESS
2d Session

H. R. 12591

AMENDMENT

Proposed by Mr. JOHNSON of Texas (for himself, Mr. KNOWLAND, Mr. BYRD, Mr. MARTIN of Pennsylvania, Mr. DOUGLAS, and Mr. WILLIAMS) to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 17, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2^D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 17, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. DOUGLAS to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz:

1 On page 23, line 18, strike out “unless” and insert in
2 lieu thereof “if”.

3 On page 23, line 19, strike out “not”.

4 On page 23, lines 21 and 22, strike out “as set forth
5 in this section”.

6 On page 23, line 24, strike out “and its derivatives”.

7 On page 24, line 15, beginning with the word “In”
8 strike out through line 2 on page 25.

AMENDMENTS

Intended to be proposed by Mr. DOUGLAS to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 17, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 17, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. DOUGLAS to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz:

1 On page 1, line 9, strike out "1961" and insert in lieu
2 thereof "1963".

3 On page 3, line 17, strike out "15" and insert in lieu
4 thereof "25".

5 On page 4, line 19, strike out "three" and insert in lieu
6 thereof "five".

7 On page 4, line 20, strike out "5" and insert in lieu
8 thereof "10".

9 On page 4, line 23, strike out "5" and insert in lieu
10 thereof "10".

1 On page 5, line 4, strike out “three” and insert in lieu
2 thereof “five”.

3 On page 5, line 13, strike out “three” and insert in lieu
4 thereof “five”.

5 On page 6, strike out lines 4 to 17, inclusive, and insert
6 in lieu thereof the following:

7 “(C) In the case of any decrease in duty to which
8 subparagraph (A) of this paragraph applies, no part of a
9 decrease after the first part shall become initially effective
10 (i) until the immediately previous part shall have been
11 in effect for a period or periods aggregating not less than
12 one year, nor (ii) after the first part shall have been in
13 effect for a period or periods aggregating more than four
14 years. If any part of a decrease has become effective, then
15 any time thereafter during which such part of the decrease
16 is not in effect by reason of legislation of the United States
17 or action thereunder shall be excluded in determining when
18 the four-year period expires.”

85TH CONGRESS
2d Session

H. R. 12591

AMENDMENTS

Intended to be proposed by Mr. DOWGLAS to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 17, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 17, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. KENNEDY (for himself, Mr. HUMPHREY, and Mr. JAVITS) to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz: At the end of the bill insert the following:

1 SEC. 12. Section 7 of the Small Business Act is amended
2 (1) by striking out "and" at the end of paragraph (1) of
3 subsection (b) (2) by striking out the period at the end
4 of paragraph (2) of subsection (b) and inserting in lieu
5 thereof "; and", and (3) by adding at the end of such
6 section a new paragraph as follows:

7 "(3) to make such loans (either directly or in
8 cooperation with banks or other lending institutions
9 through agreements to participate on an immediate or

1 deferred basis) as the Administration may determine to
2 be necessary or appropriate to any small-business con-
3 cern, if the Administration determines that the small-
4 business concern has suffered substantial economic injury
5 as a result of the trade policy of the United States.”

6 SEC. 13. ACCELERATED AMORTIZATION.—Section 168
7 (e) (2) of the Internal Revenue Code of 1954 is hereby
8 amended—

9 (1) by striking out “or” at the end of subpara-
10 graph (A) thereof, by inserting “or” at the end of
11 subparagraph (B) thereof, and by adding after sub-
12 paragraph (B) the following:

13 “(C) to develop new or improved lines of
14 production by a business enterprise which has
15 suffered substantial economic injury as a result of
16 the trade policy of the United States”; and

17 (2) by adding after the words “attributable to
18 defense purposes” the words “or the trade policy of
19 the United States, as the case may be”.

20 SEC. 14. Section 406 (a) of the Social Security Act
21 (relating to definition of “dependent child”) is amended
22 by inserting after “death,” the following: “unemployment
23 resulting from the trade policy of the United States,”.

24 SEC. 15. Section 3 (b) of the Act entitled “An Act
25 to provide for the further development of vocational educa-

1 tion in the several States and Territories", approved June 8,
2 1936, as amended (20 U. S. C. 15j (b)), is amended by
3 inserting before the colon a semicolon and the following:
4 "and for training and retraining of persons suffering unem-
5 ployment as a result of the trade policy of the United
6 States".

AMENDMENT

Intended to be proposed by Mr. KENNEDY (for himself, Mr. HUMPHREY, and Mr. JAVITS) to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 17, 1958

Ordered to lie on the table and to be printed

July 18, 1958

SOIL BANK PROGRAM

"In the Second Supplemental Appropriation Act, 1958, Congress authorized an increase in the 1958 acreage reserve program from \$500 million to \$750 million, due to the unexpectedly large sign-ups last spring. Payments under this increased authorization are estimated to run slightly less than \$700 million, which will bring total costs of the program for the three fiscal years, 1956 through 1958, to an estimated total of \$1,640 to \$1,645 million.

"A total of \$1,363,058,415 has been appropriated to date to meet these commitments. House Document No. 394 proposes an appropriation of \$282,800,000 to cover the balance of the program payments. This figure represents total commitments as of May 16, 1958. Since that date, however, this figure has been scaled downward by the Department, due to contract cancellations. Doubtless, further reductions in commitments will occur before final payments are made. In view of these facts, the Committee has included only \$275,000,000 in the accompanying bill, which it believes will be adequate to pay all contracts. However, it stands ready to recommend any additional funds needed to meet all obligations."

2. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 11645, the Labor-HEW appropriation bill for 1959, and acted on amendments in disagreement. With regard to the Mexican farm labor program, agreed to restore the House language to provide \$480,600 for determining compliance with contract under the program, and to provide \$1,550,000 for administration of the program, with a proviso that reimbursement to the U. S. under agreements hereafter entered into pursuant to Sec. 502 of the act of October 31, 1949, shall include all expenses of the program operations except for those compliance activities separately provided for in the bill. This bill will now be sent to the President. pp. 12919-22; 3003-5
3. MINERALS. A subcommittee of the Interior and Insular Affairs Committee ordered reported S. 3817, to authorize loans for the development or mineral resources in the U. S. p. D702
4. AREA REDEVELOPMENT. Rep. Hale urged the Rules Committee to grant a rule and send "to the House as soon as possible" S. 3683, the area redevelopment bill to aid economically depressed areas, and stated that "delay in this vital legislation would be inexcusable." p. 12923
5. COMMITTEE ASSIGNMENTS. Rep. Pfof resigned from the Post Office and Civil Service Committee and was elected to the Public Works Committee. pp. 12923, 12924
6. FOOD ADDITIVES. Rep. Harden urged enactment of legislation for the stricter regulation of the use of chemical additives in the processing of food. p. 12953
7. STOCKPILING. Both Houses received from GSA a notice of a proposed disposition of approximately 1,518,899 pounds of Chinese hog bristles now held in the national stockpile. pp. 12957, 12960
8. LEGISLATIVE PROGRAM. Rep. McCormack announced the following legislative program: Mon., July 21: the following will be considered under suspension of the rules: S. 3420, extension of Public Law 480; H. R. 13382, the small business tax relief bill; S. 1939, amendments to the Federal Seed Act; H. R. 13140, to revise the depository library laws; and Consent Calendar. Tues.: H. R. 13450, the supplemental appropriation bill for 1959 and H. R. 4504, the marketing facilities bill. Thurs.: military construction appropriation bill for 1959.

He also stated that "there are several must bills still in committee. If they get out, there is no reason why we should not have our business in condition where we should be able to adjourn not later than August 16, and I hope August 9. If they will put the pressure on for August 2, I will cooperate in every way possible." pp. 12936-37

9. ADJOURNED until Mon., July 21. p. 12957

SENATE

10. TRADE AGREEMENTS. Continued debate on H. R. 12591, to extend and amend the Trade Agreements Act. pp. 12964-5, 12977-95, 12996-13003, 13007-11, 13047-8.
Sen. Pastore submitted an amendment to require a tariff on cotton equalizing the reduced CCC export prices. pp. 12963-4

11. FOREIGN TRADE; SURPLUS COMMODITIES. Sen. Shoepfel urged enactment of the bill to extend Public Law 480 and stated that failure to do so would "cause distress among farmers and farm communities." pp. 13048-9

12. FORESTRY. The Agriculture and Forestry Committee reported the following bills without amendment:

S. 3248, to authorize the Secretary of Agriculture to exchange lands comprising the Pleasant Grove Administrative Site, Uinta National Forest, with a Pleasant Grove, Utah, church (S. Rept. 1851);

H. R. 10321, to authorize the exchange of lands within the Estes Park Administrative Site, Roosevelt National Forest, for lands of equal value outside the forest (S. Rept. 1849);

H. R. 11253, to authorize the Secretary of Agriculture to exchange certain Forest Service lands and improvements with Redding, Calif. (S. Rept. 1850); and

H. R. 12161, to authorize establishment of townsites from national forest lands (S. Rept. 1852);

With amendment S. 3471, to facilitate the administration of Forest Service lands by making all FS lands (with certain exceptions) subject to the Weeks Act (S. Rept. 1853); and

With amendments S. 3439, to reconvey to Salt Lake City the Forest Service Fire Warehouse lot in that city (S. Rept. 1848). p. 12692

13. MONOPOLIES. Agreed to print a report of the Select Small Business Committee, "The Role of Private Antitrust Enforcement in Protecting Small Business" (S. Rept. 1855). p. 12962

14. ELECTRIFICATION. Sen. Morse inserted a Wash. State Grange resolution urging the Government to buy and operate the Brownlee Dam in Hells Canyon and then construct a high dam there. pp. 13051-2

15. ADJOURNED until Mon., July 21. p. 13058

ITEMS IN APPENDIX

16. STATEHOOD. Sen. Allott inserted an editorial, "Hawaii's Turn Is Right Now." p. A6457

Sen. Church inserted an article reporting on the development of statehood votes in Alaska. p. A6461

Rep. Boyle inserted an article favoring statehood for Hawaii. p. A6490

By Mr. KEFAUVER:
S. 4156. A bill for the relief of Eleni Tsellou; to the Committee on the Judiciary.

CONCURRENT RESOLUTIONS

APPROVAL OF SENDING TROOPS TO LEBANON, AND PROMOTION OF FRIENDSHIP WITH ARAB PEOPLES

Mr. FLANDERS. Mr. President, in view of the fact that we are not facing the real problems of the Middle East, I am taking this occasion to submit a concurrent resolution which I shall now read:

Whereas the people of the Arab nations are in a state of turmoil and discontent; and

Whereas the access of the nations of Western Europe to the oil resources of that area is thereby threatened; and

Whereas cutting them off from that supply would cause distress, lower their standard of living and put their future under bond to Communist domination; and

Whereas the unrest in the Arab world is caused primarily by the forcible occupation of Arab land by the government of Israel; and

Whereas the expansion of the population of Israel threatens an added seizure of Arab territory; and

Whereas the over-population of Israel is largely financed by tax-free contributions from American citizens; and

Whereas by certain actions of our Government the friendship of the Arab peoples can be promoted: Therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the sending of troops to Lebanon be approved by the Congress as a necessary means of stabilizing a dangerous situation while more constructive steps are being taken; and be it

Resolved, That our Government reinstate the sending of Care packages of our surplus food to Egyptian school children; and be it

Resolved, That the Treasury investigate the uses to which tax-free contributions of American citizens are put when sent to Israel, to see whether they tend to exacerbate Middle Eastern turmoil rather than relieve unavoidable distress to the end that the tax-free status may be justified or withdrawn; and be it

Resolved, That the United States use its good offices to gain recognition in a substantial way of the rights of the Arab refugees who were dispossessed of their lands.

Mr. President, I am not seeking cosponsorship of the resolution. My reason for not seeking cosponsorship is that it is generally considered to be politically unsafe to address one's self to the real problems of the Middle East. I am not myself of that opinion. It is my strong belief that American citizens who are Jews are first of all American citizens, and secondarily Jews. I therefore, on my own responsibility and in that confidence, submit the concurrent resolution for appropriate reference.

The VICE PRESIDENT. The concurrent resolution will be received and appropriately referred.

The concurrent resolution (S. Con. Res. 106), submitted by Mr. FLANDERS, was referred to the Committee on Foreign Relations.

Mr. JOHNSON of Texas, from the Committee on Armed Services, reported the following original concurrent resolution (S. Con. Res. 107), which was re-

ferred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That there shall be printed for the use of the committee, 1,000 additional copies of parts 1 and 2 of the hearings before the Preparedness Investigating Subcommittee of the Senate Armed Services Committee, entitled "Inquiry into Satellite and Missile Programs."

RESOLUTION

Mr. EASTLAND, from the Committee on the Judiciary, reported an original resolution (S. Res. 337) to print additional copies of Senate Report No. 1477, 85th Congress, entitled "Report of the Subcommittee To Investigate the Administration of the Internal Security Laws," which was referred to the Committee on Rules and Administration.

(See the above resolution printed in full which appears under the heading "Reports of Committees.")

TREATMENT OF LOSSES ON SALE OF CERTAIN PROPERTY AS LONG-TERM CAPITAL LOSSES FOR INCOME TAX PURPOSES

Mr. PROXMIRE. Mr. President, this morning I introduce, for appropriate reference, a bill to provide that all losses on the sale or exchange of property treated as capital assets and held for more than 6 months shall be treated as long-term capital losses.

Provisions in the Internal Revenue Code provide that capital assets, and under certain conditions property other than capital assets, if sold and a profit is made can be taxed as "long-term capital gains." This means that such profits are not treated as ordinary income, and taxed as such, but are put into a special category and taxed at a maximum of 25 percent. This bill that I am introducing does not change that; however, other provisions of the code provide that under some circumstances—and I am thinking of section 1231 as one specific instance—losses on property that is held for 6 months or more can be treated as an ordinary loss, in other words, taken at 100 percent instead of 25 percent as in the case of gains.

I submit, Mr. President, that if gains are to be taxed at only 25 percent then losses ought to be treated the same way. Hundreds of millions of dollars in revenue are lost every year because of this inequitable tax gimmick. Only a few well-to-do taxpayers benefit by the law the way it now stands, who by disposing of stocks or other assets that have taken a drop in value are thereby able to offset their gains. Many sales of depreciated assets are made only for the purpose of offsetting the gains made in other sales. My bill, if enacted, would make these transactions subject to the same rules and not permit gains calculated at only 25 percent to be swallowed up by losses calculated at 100 percent.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 4152) to provide that all losses on the sale or exchange of prop-

erty held for more than 6 months shall be treated as long-term capital losses for Federal income-tax purposes, and for other purposes, introduced by Mr. PROXMIRE, was received, read twice by its title, and referred to the Committee on Finance.

PAYMENT OF BOUNTIES FOR CONTROL OF CERTAIN PREDATORS ON SALMON AND HALIBUT—AMENDMENTS

Mr. MAGNUSON submitted amendments, in the nature of a substitute, intended to be proposed by him, to the bill (S. 2719) to provide for the payment of bounties for the control of certain predators on salmon and halibut of the Pacific coast and Alaska, which were referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed.

MISBRANDING AND FALSE ADVERTISING OF FIBER CONTENT OF TEXTILE FIBER PRODUCTS—AMENDMENT

Mr. TALMADGE submitted an amendment, intended to be proposed by him, to the bill (H. R. 469) to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products, and for other purposes, which was ordered to lie on the table, and to be printed.

TECHNICAL CHANGES IN FEDERAL EXCISE-TAX LAWS—AMENDMENT

Mr. MARTIN of Pennsylvania submitted an amendment, intended to be proposed by him, to the bill (H. R. 7125) to make technical changes in the Federal excise-tax laws, and for other purposes, which was referred to the Committee on Finance, and ordered to be printed.

EXTENSION OF TRADE AGREEMENTS ACTS—AMENDMENTS

Mr. PASTORE. Mr. President, on behalf of myself, the Senator from Maine [Mr. PAYNE], the Senator from New Hampshire [Mr. COTTON], and the Senator from South Carolina [Mr. THURMOND], I submit an amendment to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, which I ask to have printed and lie on the table, and I ask unanimous consent that the text of the amendment, which is brief, be printed at this point in the RECORD.

The VICE PRESIDENT. The amendment will be received, printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment referred to is as follows:

At the end of the bill insert the following new section:

"SEC. —. So long as any agency of the United States under any Federal program

is making cotton available for export at prices less than the prices at which cotton of comparable quality is available for domestic use, the President shall impose on imports of cotton manufactures such import fee as is necessary to equalize the difference in the cost of cotton contained therein, measured by the difference between the prices at which United States cotton is made available for export and the prices at which the Commodity Credit Corporation makes or is authorized to make cotton of comparable quality available for unrestricted domestic use."

Mr. PASTORE. Mr. President, I desire to submit a brief explanation of the amendment.

Today, we have a 2-price system on raw cotton. Domestic users are paying 20 to 25 percent more than is paid abroad for raw cotton, and this is because of our desire to meet the world market price. This creates a differential.

My amendment merely provides that the President shall impose a tariff that takes into account this differential in the raw cotton price, so that the domestic cotton manufacturer will be on an even competitive basis with the exports to this country of cotton manufactured goods.

Mr. JAVITS submitted amendments, intended to be proposed by him, to House bill 12591, supra, which were ordered to lie on the table and to be printed.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, and so forth, were ordered to be printed in the Appendix, as follows:

By Mr. JENNER:

Keynote speech delivered by him on June 27, 1958, before the Indiana Republican State convention.

By Mr. COOPER:

Address on the mutual security program, delivered by James H. Smith, Jr., Director of the International Cooperation Administration, at the University of Louisville, on June 4, 1958; which will appear hereafter in the Appendix.

Excerpts from address on rural development, delivered by B. R. Sen, Director-General of the Food and Agriculture Organization of the United Nations, at the Rural Development Conference, at Memphis, Tenn., on June 16, 1958.

By Mr. JAVITS:

Address delivered by Hon. Charles H. Silver, president of the Board of Education of New York, on June 14, 1958, at ceremony making awards to the New York Journal-American.

Address on the subject Your Town Can Be Twice as Healthy, delivered by Dorothy Noyes on Tuesday, July 8, 1958; which will appear hereafter in the Appendix.

By Mr. GOLDWATER:

Editorials dealing with testimonial dinner given in honor of Senator JENNER.

By Mr. BROXMIER:

Editorial entitled "Crippling Trade Proposal," from the Milwaukee Journal of July 11, 1958, relating to the Reciprocal Trade Agreements Act legislation.

By Mr. HOBLITZELL:

Editorial entitled "Speculators' Debacle," published in the American Banker of July 17, 1958, dealing with transactions in Government bonds.

By Mr. ALLOTT:

Editorial entitled "Hawaii's Turn Is Right Now," published in Life magazine for July 21, 1958.

By Mr. TALMADGE:

Article entitled "Campbell Endorses Talmadge Farm Bill," from the Atlanta Journal of July 8, 1958.

By Mr. MORTON:

Correspondence relating to Supreme Court decisions in connection with State sedition laws.

By Mr. CASE of New Jersey:

Proclamation issued by Acting Gov. Richard R. Stout, of New Jersey, marking the 100th anniversary of the birth of William Dickson Boyce, one of the founders of Boy Scouts of America.

By Mr. NEUBERGER:

Article entitled "Education Responsibility of All, Says Head of DCT," published in the Pendleton East Oregonian of July 12, 1958.

Article entitled "Both Social Structure, Politics in East, West United States Far Different," written by J. Wesley Sullivan, and published in the Oregon Daily Statesman.

By Mr. CHURCH:

Article entitled "Statehood Vote Set for Alaska," from the New York Times of July 17, 1958.

PROPOSED CONFERENCE OF NATIONS TO CONSIDER PROBLEMS OF THE MIDDLE EAST

Mr. MANSFIELD. Mr. President, it appears, on the basis of news dispatches, that the United States resolution before the Security Council, seeking to establish a United Nations police force in the Lebanon, is doomed to failure because of the possible exercise of the veto by the Soviet Union and perhaps Sweden.

It is my understanding—again from press dispatches—that if our resolution fails, the matter will not be referred to the General Assembly, because, according to a "nose count," we do not have the two-thirds majority required to carry a resolution in that body.

It is not my purpose to look back on the past or to be critical on the basis of what could or could not have been done. It is my purpose to be as cooperative as I can, to the end that the difficult situation in which we find ourselves can be ameliorated, and out of it may come a possible solution to the problem confronting us and the rest of the world at this time. In that spirit and to that end, I should like most respectfully to offer this suggestion to the administration.

If our resolution fails in the Security Council and if it fails in the General Assembly, either by not being offered, or, if offered, by being defeated, it is my hope that a conference of nations not directly interested in the Middle East situation will be called to consider ways and means of finding a solution. Such nations could function under the aegis of the United Nations or at the specific request of the outside powers most vitally interested in the Middle East. In the latter category I would include the United States, the Soviet Union, the United Kingdom, and France. As to the makeup of the nations to compose the conference, it is my hope that serious consideration would be given to countries such as India, Switzerland, Ecuador, and Japan. I believe that in any conference of this kind, the United States, United

Kingdom, Soviet Union, and France should not be participants, but should remain on the sidelines.

Mr. President, I do not know whether there is any value in this proposal. It is being offered in an constructive and cooperative spirit and in the hope that it may, at the least, furnish the nucleus of a new idea, a new policy, or a new procedure. If such a conference can be agreed to and arranged for, I would most strongly suggest that it consider the basic difficulties confronting the Middle East area, so the groundwork could at least be laid in an attempt to bring about an eventual solution.

The main difficulties in the Middle East, as I see them, are as follows: First, the Arab-Israeli conflict; second, the question of the Arab refugees; third, the question of subversion; and fourth, the infiltration of arms into that area.

If such a conference is held, I would urge its members to give full recognition to the fact that today, throughout the Arab world, a spirit of rampant nationalism is in full force. Unless this particular fact is recognized for what it is, I fear that solutions will be long delayed, and that difficulty and trouble in that area will continue to be the norm for decades to come.

FOREIGN TRADE

Mr. ROBERTSON. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement on the subject of foreign trade, by the Honorable Lewis W. Douglas, of New York, who has had an outstanding career in business, as well as in public service, in which he formerly was a Member of the House of Representatives, Director of the Bureau of the Budget, and United States Ambassador to Great Britain.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

WILL WE REPEAT THE ERRORS OF 1929 AND 1930?

(By L. W. Douglas)

There is one very important aspect of the foreign aid and foreign trade issues which has not, perhaps, received the attention it deserves. This aspect of the two interrelated and intimately associated issues has to do with the effect of our policies on the stability of the international structure of exchange rates of foreign currencies in relation to the dollar and the adverse consequences on the level of our own internal economic activity that are generally generated by a depreciation or a threat of a depreciation of foreign currencies. These adverse effects can be especially widespread when a world currency like sterling, in which some 50 percent of the commerce of the world is transacted, depreciates against the dollar.

There is a vast difference between a hard or strong currency and a world currency. The Swiss franc, for example, is a hard currency, yet fluctuations in its exchange rate have little, if any, influence on world trade or our own position. On the other hand, although sterling cannot now be termed a "hard" currency, it is the medium for the transaction of so much of the world's commerce that depreciation of the pound or the imposition of exchange restrictions on its use usually has the effect of shrinking the volume of trade, and accordingly,

of aggravating any downward movement of economic activity. To this general influence of sterling on the level of production and the volume of trade we at home are not ordinarily immune.

A brief review of the policies and behavior of this country during the twenties, culminating in the abandonment of gold by the British in September 1931, will silhouette sharply and unmistakably the possible consequences to us of a depreciation of sterling in the present and immediately foreseeable economic environment.

We emerged from World War I as a great creditor nation with an economy of impressive magnitude. This was a complete reversal of our prewar position and made it essential that other countries earn more dollars if, over long stretches of time, international payments were to be in substantial balance and stability of exchange rates was to be maintained.

Shortly after the termination of the war we reversed the trend toward lower tariffs established by the Underwood Tariff Act. We enacted into law the emergency tariff schedules of 1921 and the Fordney-McCumber Tariff Act of 1922, the highest tariff we had ever before known in our history. This made it that much more difficult for our debtors to earn the dollars necessary to pay interest on and to amortize their debts to us, to produce an equilibrium in international payments, and to maintain orderly markets for foreign exchange.

This difficulty, however, was obscured by the relatively large volume of foreign loans which we made during the twenties, after the war was over, principally on private account and, in Europe, principally to Middle European countries, including Germany. The other major factor, among others, which concealed the difficulty from public notice was the steady migration of gold to the United States during the entire period. This depletion of the gold and dollar reserves of other countries made foreign currencies more vulnerable to the strains which the depression of the late twenties and early thirties was later to produce.

When the stock market broke in the autumn of 1929, foreign investment and the export of dollars came to an abrupt halt. The fundamental weakness of the international monetary mechanism began shortly to become apparent.

Meanwhile, in 1929, the Hawley-Smoot Tariff Act with its broad increases in protective duties had been passed and, in 1930 and 1931, was followed, on the part of other countries, by a series of retaliatory tariffs and other restrictions on American exports. These actions produced a further reduction in the dimensions of worldwide markets, a diminution in the size of our own markets and they made it even more impossible for our debtors to earn the dollars necessary to service their debts to us and to preserve orderliness in the exchange markets.

The sharp termination of the export of dollars abroad in 1929, combined with the accumulated impediments standing in the way of earning dollars by foreign countries, contributed much to the collapse of the Credit Anstalt in Austria, the consequent inevitable withdrawal of short-term balances from the Bank of England, the exhaustion of Britain's gold reserves and the inescapable abandonment of gold payments in September 1931.

The depression here, though intense, had been, up to September 1931, manageable. But the depreciation of sterling in the fall of 1931 produced a further shrinkage of markets and reinforced, if it did not generate new, powerful deflationary forces here at home. Prices continued to plummet downward, copper quickly fell to 5 cents a pound, cotton behaved similarly, profits evaporated, real estate values withered, the stock market

fell by as great a percentage as had been the decline during the preceding 2 years, bond prices diminished, unemployment rose from 6½ million to 11½ million—all within the short span of approximately 6 months. And within a period of 17 months unemployment had reached the huge figure of 14½ million. The events of the autumn of 1931 made the depression thereafter unique in intensity in the history of more than 100 years.

The sharp deterioration in all values during the short stretch of time after September 1931, coming on top of the deterioration that had already taken place, dampened any forces of recovery that may have existed, aggravated the deflationary influence and laid the foundation for the credit crises, the banking moratorium and the economic demoralization of early 1933.

It is interesting to observe, too, that when the pound was devalued in 1949 we were going through a recession which would likely have been more intense had we not, as one of the consequences of the Marshall plan, restored in part the inadequacy of dollar reserves of other countries which a series of developments, including the war and the massive quality of our economy, prevented our allies from earning through their own efforts. The Korean war, however unwanted, cruel, and unpleasant, probably also produced a new though artificial stimulus to our industrial activity.

This brief account leaves unmentioned many subtle deviations from the main course of developments and it is doubtless, therefore, an oversimplification of the effects of the events of the twenties and thirties on the international monetary system with their unfortunate and grave consequences to our own internal economic welfare. But the omissions do not obscure the clearly silhouetted influence that we experienced and that may be the result in the future of the depreciation of other currencies and especially of world currencies on our own internal economic estate.

This experience should be an important consideration in the present circumstances when the Congress is considering appropriations for foreign aid and the extension of the reciprocal trade legislation. It helps to identify the alternative courses open to us.

We can abandon our efforts to reduce the barriers to trade and we can reduce sharply or eliminate appropriations for foreign aid.

Or we can reduce our tariffs substantially and quickly enough to permit other countries, through the enterprise of their nationals, to earn enough dollars to preserve stability of exchange rates of foreign currencies or at least of the most important world currencies.

Or, finally, we can pursue a course of gradual reduction of interferences with the flow of trade and appropriate enough funds for foreign aid to insure us against the probable unpleasant internal consequences of a depreciation of major world currencies against the dollar.

The first of these three alternative courses could well convert the present recession into a depression of considerable severity with all the social, political, and economic consequences which would follow in its wake.

The second of the three alternative courses seems to be unreal. It is most unlikely that we will reduce tariffs rapidly enough and drastically enough to achieve stability in exchange rates. The immediate readjustments following in the wake of such a drastic course might, in the short term, create economic strains and stresses almost as serious as those which would result from a disturbance in the structure of exchange rates.

The third course is by far the more prudent one for us to follow. It contemplates a gradual reduction of our own protective

barriers in consideration for compensating reductions elsewhere of barriers, including, it is hoped, exchange restrictions and it provides for the export of dollars in the form of foreign aid which the artificial interferences with the flow of commerce make it so difficult, if not impossible, for others to earn on a sufficient scale. It, therefore, tends to insulate us against the probable serious results of a devaluation of foreign currencies.

It is not so necessary that these dollars be supplied to western European countries. What is important is that, wherever expended, they find their way into the main stream of international transactions.

The third course is especially valid in the existing circumstances. We are in a recession. We are now a far greater creditor nation and a far greater exporter with a far greater surplus in international payments than we were after World War I. The volume of dollars, which other countries must earn in order to preserve stability of exchange rates is, accordingly, much greater than it was in the 1920's. To terminate foreign aid or to reduce it substantially, and thereby to refrain from attempting to maintain a reasonable balance of payments, would be to repeat the mistakes of 1929 and 1930 and to run the grave risk of converting a relatively mild recession into a depression of wide dimensions.

It is not necessary to refer to the shadow of Soviet ambitions, their confidence that our system will break down from within or to their talents for exploitation, in order to establish our deep national self-interest in the orderly operation of the international monetary machinery. The consequences to our own internal economic system—unemployment on a large scale, the discontent that it would produce, the costly devices that would be improvised to counteract the shocks of a major depression that would probably follow in the wake of a depreciation of foreign currencies—all lead to the conclusion that it is more prudent to export dollars on Government account in order to preserve the international structure of exchange rates than to run the hazard of a depression of major proportions with the toll of human values and national resources.

That the Atlantic Alliance would be seriously impaired, if not shattered, by a serious economic convulsion here at home can hardly be successfully denied. The consequences in the Middle East, Africa, and in all the raw-material-producing areas might gravely affect the whole western community of nations.

These are considerations which add additional weight to the naked economic aspects of the question.

Until we shall have reduced tariffs sufficiently to enable others to earn enough dollars and until the international environment and the policies of some other countries are hospitable enough to foster, on private account, a relatively steady investment of dollars abroad in order that international payments may be maintained in reasonable balance, it is in our national self-interest to export sufficient dollars on Government account to insure us against unstable, volatile rates of exchange and a further contraction of our own markets.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

SOCIAL SECURITY AND UNEMPLOYMENT BENEFITS

Mr. PROXMIRE. Mr. President, there are increasing indications that the House of Representatives may pass and send to the Senate a bill providing for an increase in social security benefits. I fervently hope so. Because this increase in benefits is so immensely important to 11 million Americans and more than 200,000 Wisconsin citizens who are now on social security, and because this improvement is so overwhelmingly just and necessary, I am serving notice on the Senate that I intend to rise in this

body every day, from now until social security improvement is adopted, to plead for it.

Mr. President this very day I received from Wisconsin the latest report from the Wisconsin Employment Service on unemployment in my State. Any dream that this recession will automatically correct itself if the Federal Government just goes to sleep should be dispelled by this kind of report. The fact is, Mr. President, that the number of unemployed in Wisconsin has increased in every one of the last 4 weeks. During the first 28 weeks of this year there were

nearly 100 percent more unemployment compensation claims in Wisconsin than there were during 1957 for the same period. During the most recent week, unemployment claims filed in my State have jumped to 125 percent higher than the corresponding week in 1957.

I ask unanimous consent that this report of the Industrial Commission of Wisconsin on unemployment compensation be printed in the body of the RECORD at this point.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

TABLE 59A.1058.—Normal unemployment compensation claims filed in Wisconsin through 1958 week No. 28 (ending July 12, 1958)

[Latest week's figures are preliminary]

Period	Week No.	A	B	C	D	E	F	G	H	I	J	K
		All unemployment compensation claims filed	Interstate claims		Intrastate claims				Unemployment indicators			
			Initial (1B-1)	Continued (1B-2)	All intrastate claims	Initial		Continued		New cases ¹	Completed weeks of unemployment	
						New	Additional	Waiting period weeks	Compensable weeks		Number of weeks	As percent of average covered employment ²
1957:												
Weeks 1 to 52		1,358,620	8,204	48,922	1,301,494	126,614	54,312	106,351	1,014,217	189,130		
Maximum week	52	44,937										
Minimum week	37	17,837										
Average week		26,127	158	941	25,028	2,435	1,044	2,045	19,504	3,637	22,490	2.7
1957 weeks 1 to 28		766,187	3,994	28,340	733,813	67,932	18,241	58,578	589,062	90,167		
1958 weeks 1 to 28		1,515,590	8,734	73,748	1,433,092	121,048	41,604	101,660	1,168,779	171,386		
Percent change		+97.8	+118.7	+159.8	+95.3	+78.2	+128.1	+73.5	+98.4	+90.1		
1957 week ending July 13	28	21,311	113	682	20,516	1,743	944	2,049	15,780	2,800		
1958 week ending July 12	28	47,664	284	2,478	44,902	2,407	2,552	2,513	37,430	5,243		
1958 weeks ending:												
May 3	18	56,301	263	2,993	53,045	4,161	1,715	4,421	42,748	6,139	48,286	5.7
May 10	19	53,756	325	2,770	50,661	3,087	2,058	3,671	41,845	5,470	46,226	5.5
May 17	20	50,326	283	2,861	47,182	2,284	1,533	2,790	40,575	4,100	43,342	5.1
May 24	21	46,961	231	2,629	44,101	1,835	1,553	1,818	38,895	3,619	40,525	4.8
May 31	22	44,113	233	2,427	41,453	1,731	1,624	1,595	36,503	3,588	41,314	4.9
June 7	23	46,400	269	2,424	43,707	2,999	1,818	1,511	37,379	5,086	39,842	4.7
June 14	24	43,902	288	2,459	41,155	2,255	1,517	2,340	35,043	4,060	38,816	4.6
June 21	25	42,535	250	2,352	39,933	1,936	1,533	1,918	34,546	3,719	37,820	4.5
June 28	26	42,776	242	2,315	40,219	2,322	2,392	1,531	33,974	4,956	37,216	4.4
July 5	27	45,436	289	2,162	42,985	3,262	4,769	1,846	33,208	8,220	42,421	5.0
July 12	28	47,664	284	2,478	44,902	2,407	2,552	2,513	37,430	5,243		

Source: Industrial Commission of Wisconsin Statistical Department.

¹ "New cases" (col. I) include new and additional claims (cols. B, E, and F) which merely give notice of the start of a period of unemployment as noted below. Some of these "new cases" reflect "partial" unemployment, rather than the start of a layoff period. A new claim is the first claim filed during a calendar year after a job break. An additional claim is any other first claim filed after a job break.

² The "completed weeks of unemployment" figure (col. J) approximates the number of claimants unemployed during the given week based on all continued claims (cols. C, G, and H) filed during the immediately following week. Col. K which represents "Covered unemployment as percent of average covered employment" is computed by dividing the "weeks of unemployment" shown in col. J by Wisconsin's average covered employment (845,164) for the 12-month period ended Sept. 30, 1957.

TABLE 59.1058.—Normal unemployment compensation claims filed in each Wisconsin Employment Service district in 1958, week No. 28 (ending July 12, 1958)

[Latest week's figures are preliminary]

W. S. E. S. districts	X X X	X X X	X X X	X X X	A	B	C	D	E	F	G	H
	All unemployment compensation claims					Interstate claims		Intrastate claims				
						Initial (1B-1)	Continued (1B-2)	All intrastate claims	Initial		Continued	
	In week 24	In week 25	In week 26	In week 27	In week 28				New ¹	Additional ²	Waiting period, weeks	Compensable weeks
Entire State	43,902	42,535	42,776	45,436	47,664	284	2,478	44,902	2,407	2,552	2,513	37,430
Appleton	770	729	735	743	724	5	20	699	46	27	42	584
Ashland	714	714	962	966	700	22	171	507	27	40	18	422
Eau Claire	2,094	1,941	1,893	2,057	1,954	24	256	1,674	107	167	149	1,231
Fond du Lac	680	647	767	807	846	1	16	829	106	36	121	566
Green Bay	1,682	1,612	1,628	1,785	1,898	7	92	1,799	124	146	167	1,362
Jamesville	3,145	3,116	2,954	5,024	6,219	60	349	5,810	317	660	497	4,136
Kenosha	1,181	1,020	1,015	935	1,045	2	32	1,011	73	47	37	854
La Crosse	1,980	2,012	2,109	2,276	2,275	16	159	2,100	109	90	117	1,784
Lancaster	549	536	505	579	623	9	55	559	74	22	23	440
Madison	2,020	2,115	2,206	2,227	2,000	9	87	1,904	119	70	105	1,410
Manitowish	1,138	1,077	919	951	919	4	25	890	27	51	57	757

Footnotes at end of table.

external force which has brought about this situation. It is a phase of Soviet penetration of the Arab world. For true Arab nationalism would abhor both the aims and the methods of this kind of subversive activity in Lebanon as well as in other Arab states.

My government is most anxious that peace and stability should be immediately restored in Lebanon. We are most anxious that no state, a sister Arab state included, should be permitted to interfere with the internal affairs of another Arab state so as to undermine its freedom and independence. We can have no peace and no security if our freedom and independence are constantly attacked from within and without by press, radio, arms, infiltration, etc.

In the view of my delegation it is the Egyptian-Syrian intervention fortified by an external force that has brought about this conflagration, and we hope that this Council, having found that the Arab League failed to achieve a satisfactory settlement of the trouble, will take appropriate measures to protect not only Lebanon but other Arab states, including my own, from communism and Nasserism. Aggression and intervention with the intention of undermining legitimate governments should be immediately stopped.

ORDER OF BUSINESS

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Is there further morning business? If not, morning business is closed.

Mr. MARTIN of Pennsylvania. Mr. President, will the distinguished Senator from Nevada [Mr. MALONE] yield to me?

The PRESIDING OFFICER. The Senator from Nevada does not have the floor. The Senator from Pennsylvania is recognized.

Mr. MARTIN of Pennsylvania. Mr. President, I ask unanimous consent that I may speak for not exceeding 10 minutes.

Mr. MANSFIELD. Mr. President, would the Senator like to have the suggestion of the absence of a quorum, or would he rather wait until the Senator from Nevada is recognized?

Mr. MARTIN of Pennsylvania. It does not matter to me at all.

Mr. MANSFIELD. Mr. President, has the pending business been laid before the Senate?

The PRESIDING OFFICER. The pending business has not been laid before the Senate.

EXTENSION OF TRADE AGREEMENTS ACT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be laid before the Senate, and that its consideration be continued beyond the hour of 1 o'clock, notwithstanding the unfinished business.

The PRESIDING OFFICER. The Chair lays before the Senate the pending business, H. R. 12591.

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. MARTIN of Pennsylvania. Mr. President, reciprocal trade agreements

have been considered in the United States for more than half a century. In that period reciprocity has become one of the basic concepts of our trade relations with other free nations.

Reciprocal arrangements, when equitably conceived and administered, can be the instruments of increased commercial intercourse, contributing to the economic progress of both parties concerned. They can be the means of bringing nations closer together in friendship and understanding.

In entering into such trade agreements, however, care must be taken to safeguard domestic producers. Obviously, an arrangement which would result in serious injury to any industry, or would substantially reduce industrial employment, will not strengthen the American economy or the economy of the free world.

It is well established that mutually beneficial international trade creates good feeling among people. However, it is equally true that a wide difference in wage scales offsets the good feeling by giving the low-wage countries advantages in the world markets to the detriment of the higher wage nations.

As individuals and as a nation we must seek the path which leads to better international understanding, mutual respect, and greater cooperation for a better world of peace and justice for all mankind.

In this approach, however, we must carefully consider the basic law and not forget the obligations upon Congress.

Section 8 of article I of the Constitution provides:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States.

The Congress has the right, so far as tariffs are concerned, to delegate authority. This has been done in the creation of the Tariff Commission. The Congress also has the right to delegate authority to the President of the United States. Care, however, must be exercised in the delegation of such authority.

Every American instinctively asks the following questions about any situation which may affect his livelihood: "Does it help or harm my job, my business, my chance to better my future?"

It is proper to ask these questions because the opportunity for economic self-preservation and self-betterment is a fundamental right of a free people.

The true answer is crucial to each individual. It is, therefore, most important to get the best information available before reaching a decision.

In no field is there more urgent need for the individual to have the truth—and the whole truth—than in the subject of foreign trade.

More and more people are beginning to realize the increasing impact of foreign trade on our economy, its close relationship to the economic power of the free nations, and its potential power to

provide America with some of the national security and economic strength necessary for survival in a Communist-threatened world.

It is impossible to measure with precision the impact of foreign trade on any particular area or on any particular segment of industry, but there is no question that our whole economy is strengthened by both imports and exports.

The problem is so complex that laws should be written in general terms with adequate provisions for expeditious review of their administration of these laws.

We must never forget that the final responsibility concerning taxes, tariffs, and appropriations rests on the shoulders of Congress. Any evasion of that responsibility is cowardly.

In dealing with this important subject, we must consider the overall national economy and not necessarily as it applies to any section of our country or to any segment of the economy.

In the debate Thursday night the distinguished Senator from Oklahoma [Mr. KERR] made a very able argument which should be carefully considered. At the same session the distinguished Senator from Ohio [Mr. BRICKER] discussed the constitutionality of the bill now before the Senate. He pointed out clearly that the question of constitutionality should have no effect on the vote of any Senator. All of us should read carefully the very able address by the Senator from Utah [Mr. BENNETT], and give close attention to his suggestion that it has probably become necessary to take a new look at the whole question of reciprocal trade.

In view of world conditions, it is my opinion that the Reciprocal Trade Agreements Act should be extended.

Mr. CARLSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARLSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Maine [Mr. PAYNE] perfecting certain portions of sections 6 and 7, proposed to be stricken out by the motion of the Senator from Texas [Mr. JOHNSON] for himself and other Senators.

Mr. PAYNE. Mr. President, I ask unanimous consent that the amendment I submitted last evening, as a substitute for the amendment of the distinguished majority leader, the Senator from Texas [Mr. JOHNSON], may be temporarily withdrawn, but with the understanding that that will not preclude my right to resubmit the amendment at a later time.

The PRESIDING OFFICER. Without objection, it is so ordered.

**THE 1934 TRADE AGREEMENTS ACT
UNCONSTITUTIONAL IF NOT AC-
TUALLY SUBVERSIVE—THE LEG-
ISLATIVE BRANCH VERSUS THE
EXECUTIVE BRANCH OF THE
UNITED STATES GOVERNMENT**

Mr. MALONE. Mr. President, the 1934 Trade Agreements Act is patently and brazenly unconstitutional. The Constitution of the United States pointedly separated the regulation of the national economy from the fixing of the foreign policy.

The Trade Agreements Act of 1934—so-called Reciprocal Trade Act—tied the two together under the President of the United States, amending the Constitution without the formality of submitting it to the States.

Article I, section 8, of the Constitution provides specifically that the Congress of the United States, the legislative branch, shall regulate and adjust the duties, or tariffs, as we have come to call them, and shall regulate foreign trade, which means the regulation of the national economy.

Article II, section 2, directs the executive branch to fix the foreign policy. The executive branch now regulates both and can trade one for the other, which the Constitution sought to avoid.

**PRESIDENT WIELDS POWER TO TRANSFER ANY
UNITED STATES INDUSTRY TO FOREIGN
NATION**

It would be just as reasonable and just as constitutional for the Congress to enact a law transferring the fixing of foreign policy, under article II, section 2, of the Constitution, to the legislative branch as it was of Congress, in 1934, with the connivance of the President, to transfer to the executive the constitutional responsibility of Congress to regulate the national economy. And that was not constitutional at all.

For 24 years, under the 1934 Trade Agreements Act, the President has had unlimited authority to regulate foreign trade, which is the constitutional responsibility of Congress.

Under that act he was given unlimited powers, with no check whatever from Congress or any other body in Government, to trade any part or all of any industry to any foreign nation, or to any group of foreign nations if he thought such action would further his foreign policy.

This was a complete departure not only from the Constitution of the United States but from the policy of Congress and of this Nation since its inception in 1789. In other words there was, in 1934, a complete departure from the policy which had been followed for 150 years, which policy was to let the duty or tariff represent the difference between the cost of manufacturing an article in this Nation and the cost of manufacturing the same, or a like article in the chief competing foreign nation. What it did and was designed to do was to take the profit out of the low-cost labor at the water's edge, adjusted, of course, for other factors.

**FREE ENTERPRISE COMPETITION DESTROYED BY
1934 TRADE ACT**

For 150 years, if a person or a company or a corporation could think of a

product which he or it could produce in this country, either by manufacturing processing, or mining, and compete with other American producers, and could get adequate financial support, that person or company was in business. The business was established and going if the judgment proved to be correct. If the judgment proved faulty, then the business failed. That is the way we had run independent private business in the United States for, as I say, 150 years.

When, and if, the American market was saturated then the less efficient producer went out of business.

Suddenly all that was changed. It became the policy of our Government to trade American industry for a foreign policy. That meant that no private investments could be made in any new business, or in any business, as a matter of fact, because tomorrow morning the businessman might wake up to find that the President had traded him down the river. That can be done today without anyone's consent or knowledge.

**SECRECY CLOAKS STATE DEPARTMENT'S TRADE
FACT DEALS**

Trade agreements are made without the knowledge of the producer and without the knowledge of Congress. Neither is allowed to have any information on the subject. The matter is handled by the State Department, and no one knows by whom. No one knows what, if any, evidence is considered. Certainly it does not have any effect on the result. No one knows about what is done. No one knows what kind of trade agreement has been made bilaterally by the State Department, or multilaterally by the 36 nations sitting in Geneva. There are 37 nations sitting there, including ourselves. Each nation has one vote. That is a secret operation.

The multilateral trade agreements are secretly arrived at, without any knowledge given to anyone. The producers in this country have no knowledge of it. Members of Congress have no knowledge of it.

**RECIPROCITY OMITTED FROM TRADE ACT, AND NO
RECIPROCITY EVER INTENDED**

The Trade Agreements Act was first passed in 1934 under an emergency condition, and it was an emergency act, so-called. It is called the Reciprocal Trade Act, but the phrase "reciprocal trade" has never occurred in the act or in any of its extensions since 1934. It is merely a palliative, to make it easier to sell to the American public.

The act has been extended 10 times, from 1 to 3 years, never for more than 3 years. It has been extended for 1 year on two occasions. Congress has never been satisfied with it, but has never quite had the nerve not to let it die, or to modify it so that Congress could have a check on the Executive, until the Senate Finance Committee amended it this time.

**FINANCE COMMITTEE BILL PLACES RESTRAINT ON
UNLIMITED POWER OF EXECUTIVE**

The Committee on Finance this year reported an extension measure, which represents the best job that has ever been done by either House. It still leaves the regulation of foreign trade and of the national economy in the hands of the Executive, which, as I said

previously, is unconstitutional; if not unconstitutional, it is unwise. But the bill as reported by the Finance Committee gives Congress a slight check, makes a slight gesture toward the Constitution of the United States, and provides some restraint on the President's action. If, as a matter of fact, he chooses to disregard the Tariff Commission's finding in an escape clause action, when an industry may have petitioned for relief, and the Tariff Commission has found that the tariff should be raised, because the industry needs further protection, then, under the proposed legislation, as reported to the Senate by the Committee on Finance, the President must report to Congress and be supported by a simple majority in each House.

The act itself expired on June 30, and it should be allowed to die; it should not be extended at all. However, as I have said, the bill reported by the Committee on Finance provides a slight check on the Executive, and the best one which has ever been reported in the 24 years of the act's existence.

**FINANCE COMMITTEE AMENDMENT WOULD LIB-
ERALIZE "ESCAPE CLAUSE," PROVIDE INDUS-
TRIES SOME POSSIBILITY OF ESCAPE FROM
RUIN**

Under the 1934 Trade Agreements Act, as extended to June 30 of this year, and which has now expired, the President has traded a part, indeed, practically all of some industries, to foreign nations, when he considered his foreign policy would be furthered thereby. The Secretary of State the Honorable John Foster Dulles, testified that the President had that power. He testified before the Committee on Finance during the hearings before the bill was reported to the Senate. The amendment of the Committee on Finance provides that before the President can bypass the Tariff Commission's recommendation in an escape clause action, he must first secure a majority vote of both Houses of Congress.

The committee further recommended that a tie vote by the Commission would be considered in favor of the industry.

The Committee on Finance reduced the House extension provision from 5 years to 3 years, and reduced the rate by which the President would be allowed to lower duties and tariffs from 25 percent to 15 percent.

**NATIONAL SECURITY SAFEGUARDED IN COMMITTEE
BILL**

In the national security provision of the act, the Committee on Finance provided that the President must take into consideration the effect on national security of a weakening of the country's economy by excessive imports of individual products.

There is no question that the weakening of our economic structure also weakens our defensive power. A mere glance at the national economy will prove to anyone that we are now living on a war economy, and have been since the end of World War II. As a matter of fact, we have lived on a war economy since the beginning of World War II.

**EIGHT AND A HALF MILLION UNEMPLOYED AFTER
6 YEARS OF 1934 TRADE ACT**

It will be remembered that the administration in 1934 tried everything to im-

prove economic conditions. It appropriated billions of dollars and had free trade running rampant. But when World War II came along, 8,500,000 persons were still unemployed in the United States. That was almost as many as were unemployed when the administration took office. So the administration then in power had not cured anything by the time World War II came along.

Since the beginning of World War II, we have lived on a war economy or an economy in preparation for war. We had a war in Korea which began in 1950. That was called a police action. Another war is starting now which may take the spotlight off some of the very important situations in this country. It could for a time improve our economy—at least on paper.

UNITED STATES TAXPAYERS PUT UP DOLLARS FOR THIRD OF OUR EXPORT TRADE

It is claimed by the Department of State and the Department of Commerce that the United States has \$19 billion in export trade. That, however, includes an average of about \$5 billion a year which we have given to foreign nations to enable them to buy our goods. It includes subsidies of a billion more which are paid in order to sell our goods, such as farm products, and it includes half a billion in products that are bartered for

foreign goods we do not want or need, and which compete against our own producers.

We pay a support price, and then sell the goods at the world price. The difference, of course, the taxpayers of the United States make up. That is our loss. It is called foreign trade.

TABLE EXPOSES FALLACY OF BOOMING EXPORTS SINCE 1934—PERCENTAGE OF NATIONAL PRODUCT ACTUALLY DECLINED

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table showing, in millions of dollars, for each calendar year from 1909 to 1957, the estimated United States production of movable goods; the total exports of United States merchandise; the ratio of exports to movable goods production; military aid exports from the United States; net United States Government grants other than military aid shipments; net United States Government loans; the sum of columns 4, 5, and 6; column 2 minus column 7; the ratio of column 8 to column 1—that is, the percentage of the exportable goods from 1909 to 1957, inclusive, which we have exported in profitable trade.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

(Millions of dollars unless otherwise indicated)

Calendar year	Estimated United States production of movable goods	Total exports of United States merchandise	Ratio of exports to movable goods production	Military aid exports from United States	Net U. S. Government grants other than military aid shipments	Net U. S. Government loans ¹	Sum of cols. 4, 5, and 6	Col. 2 minus col. 7	Ratio of col. 8 to col. 1
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			Percent						Percent
1909	17,437	1,701	9.8					1,701	9.8
1914	20,599	2,071	10.1					2,071	10.1
1919	47,210	7,750	16.4		39	2,328	2,267	5,383	11.4
1921	33,396	4,379	13.1			-30	-30	4,409	13.2
1923	44,853	4,091	9.1			-91	-91	4,182	9.3
1925	48,341	4,819	10.0			-27	-27	4,846	10.0
1927	48,035	4,759	9.9			-46	-46	4,805	10.0
1929	53,502	5,157	9.6			-38	-38	5,195	9.7
1931	32,885	2,378	7.2			-21	-21	2,399	7.3
1933	25,326	1,647	6.5			7	7	1,640	6.5
1935	34,133	2,243	6.6			(4)	(4)	2,243	6.6
1936	(2)	2,419	(3)			-1	-1	2,420	(4)
1937	44,853	3,299	7.4			(4)	(4)	3,299	7.4
1938	(2)	3,057	(3)			1	1	3,056	(3)
1939	41,671	3,123	7.5			15	15	3,108	7.5
1940	47,671	3,934	8.3			51	51	3,883	8.1
1941	64,267	5,020	7.8	(3)	932	391	1,323	3,697	5.8
1942	89,345	8,003	9.0	(3)	6,304	221	6,525	1,478	1.7
1943	99,851	12,842	12.9	(3)	12,738	109	12,847	-5	
1944	105,617	14,377	13.6	(3)	13,845	231	14,077	240	.2
1945	101,411	10,309	10.2	(3)	6,542	1,019	7,561	2,748	2.8
1946	101,194	9,950	9.8	(3)	2,343	2,701	5,044	4,906	4.8
1947	123,799	15,160	12.2	(3)	1,940	3,907	5,847	9,313	7.5
1948	139,728	12,532	9.0	(3)	4,194	1,024	5,218	7,314	5.2
1949	123,199	11,936	9.5	(3)	5,207	652	5,859	6,077	4.9
1950	144,527	10,142	7.0		282	3,484	3,922	6,200	4.3
1951	165,080	14,879	9.0	1,065	3,035	156	4,256	10,623	6.4
1952	171,540	15,049	8.8	1,997	1,960	420	4,377	10,672	6.2
1953	182,674	15,652	8.6	3,511	1,837	218	5,566	10,066	5.5
1954	175,810	14,981	8.5	2,255	1,647	-93	3,809	11,172	6.4
1955	193,725	15,421	8.0	1,256	1,865	302	3,423	11,908	6.2
1956	202,055	18,940	9.4	1,757	1,696	626	4,078	14,862	7.4
1957	208,400	20,630	9.9	1,355	1,607	961	3,923	16,707	8.0

¹ Covers changes in both long- and short-term claims of the U. S. Government on foreign countries.

² Not available. (Prior to 1940, estimates of production of movable goods have been prepared only for years covered by a census of manufactures.)

³ Not available. (See note 2.)

⁴ Less than \$50,000.

⁵ Military aid shipments under the war and postwar lend-lease and Greek-Turkish aid programs are included in col. 5.

⁶ Excluding United States subscriptions of \$323,000,000 in 1946 and \$3,062,000,000 in 1947 to capital of International Bank and Monetary Fund.

Source: Prepared from basic data of the Department of Commerce, June 1958.

Mr. MALONE. Mr. President, the above chart was prepared in an effort to obtain an accurate picture of what portion of our movable goods is being shipped abroad through the normal processes of international trade and without the benefit of subsidies, grants, gifts, and credits extended to the countries receiving American products at the expense of the American taxpayer. This objective has not been completely accomplished, nor, in the absence of any Government central authority collecting and collating the contributions, loans, barter deals, special donations, and exchanges of goods for foreign currencies made to or with foreign countries by our numerous and various Government agencies at the expense of the American taxpayer, does it appear that a true picture can be given.

For example, exports of farm products under the barter program authorized in title III of Public Law 480, are included in column 2, showing total exports, but nowhere appear in column 5 or 6 listing, respectively, grants other than military aid and Government loans. In 1957 more than \$400 million worth of farm products were exported under the barter program. In 1956 barter "sales" totaled \$299 million, and the year previously \$125 million.

In 1957, according to Department of Agriculture statistics, \$1,279 million in farm products were exchanged for foreign currencies, and the year previously \$783 million. Foreign currency sales are presumably included in column 6 of the Department of Commerce table, but the totals in that table for the years 1957 and 1956 are only \$961 million and \$626 million, respectively.

Of the \$4.7 billion in agricultural exports during the last calendar year \$1.9 billion moved under Government-financed programs other than CCC credit sales, in other words were not sold for dollars but were given away or exchanged for foreign currencies or products.

Dollar exports for the calendar year totaled \$2.8 billion, but of this \$1.1 billion involved subsidies in which the producer was reimbursed by the Government under the CCC program and the product was then made available for export through commercial channels for sale at world prices considerably below the domestic price.

These sales, however, meritorious they may be from the standpoint of reducing the agricultural surplus, cannot be considered normal transactions in our commercial foreign trade. They are subsidized sales, the subsidies being paid by the American taxpayer. Yet the full amount of these exports are included in the Department of Commerce export total, and are nowhere reflected in columns 5, 6, or 7.

SUBSIDY EXPORTS OF FARM PRODUCTS SINCE 1953 SHOWN

The Department of Agriculture has supplied me with a table showing the cost of these products during the fiscal years 1954, 1955, 1956, and 1957, and during the period July 1, 1957, to April 30, 1958, and also the amount of dollars received

in return. The difference represents the subsidy on these exports.

Fiscal year or period	Cost to Government (Col. A)	Dollars received in return for exports of products bought in col. A (Col. B)
1954.....	\$434,332,000	\$261,823,000
1955.....	726,104,000	497,011,000
1956.....	769,824,000	493,949,000
1957.....	1,466,037,000	945,029,000
July 1, 1957, to Apr. 30, 1958.....	1,228,713,000	774,000,554
Total.....	4,625,010,000	2,971,812,554

Each of these taxpayer-financed programs, if accurate figures could be obtained, would reduce the total value of exports actually sold abroad under conditions of normal commercial trade, and the percentages of our movable goods which are exported through normal commercial channels within the classical concept of international trade.

The showing that \$20,630 million of American products, military or otherwise, were exported during 1957 presents a distorted picture, not only of our foreign trade but also of our economy. Thus, if half of our movable product were shipped abroad as a gift, or bartered for foreign goods we did not want or need, or exchanged for foreign currencies we cannot use, the administration could boast that our exports had increased to more than \$100 billion and that we were now exporting 50 percent of our entire movable product. This would not reflect, however, any increased prosperity for the United States; it would reflect disastrous losses to our economy.

The 1934 Trade Agreements Act has not increased the proportion of our national product sold abroad for dollars; it has decreased that proportion. Yet the 1934 act was sold to Congress and the public partially on the claim that it would increase the share of our national production exported to foreign countries. To even attempt to move a comparable share of our national product into foreign countries, it has been necessary since World War II, to give or loan \$75 billion to those countries, thus paying for the goods they buy with our own dollars, and to further create devious programs designed to permit them to buy our goods with worthless foreign currencies or to pay for them with their own products of which they have a surplus or to which they attach none or little value.

As may be seen from the charts above, incomplete as they are, from \$3.4 billion to \$5.8 billion of our export trade each year since the end of World War II has been fictitious from any commercial standpoint and actually financed by the American taxpayer.

NINETEEN HUNDRED AND THIRTY-FOUR TRADE AGREEMENTS ACT RECONVERTED UNITED STATES TO ECONOMIC COLONY OF EUROPE

Mr. President, this table shows conclusively that our profitable trade has not increased since 1909, but that it has varied from year to year. The

overall profitable trade, varying back and forth, has remained about the same; that is, the percentage of our exportable goods which have been exported in profitable trade has remained just about the same as or is a little less now than it was before the 1934 Trade Agreements Act was passed.

As a result of the action under the 1934 Trade Agreements Act by the Department of State, and later in Geneva, where 36 foreign competitive nations regulate our trade and divide our American markets among themselves, after 24 years of operation of such a policy the United States today is a greater economic colony in the capitals of old Europe than it was before the Declaration of Independence in 1776. The 300-year-old European colonial system of England, France, Belgium, and the Netherlands was designed to control the markets of lesser nations and included a certain responsibility to those nations.

TRADE ACT AND GATT TIE US TO OLD EUROPE'S TRADE WARS

The United States was the first to break away from that system in 1776. But we have reentered all of old Europe's trade wars under the authority of the 1934 Trade Agreements Act, the so-called reciprocal trade program, under which the General Agreement on Tariffs and Trade was established and is now operating in Geneva. These 36 foreign nations are dividing our markets among themselves through multilateral trade agreements, without any responsibility whatever to us.

Mr. President, for 12 years I have fought on the floor of the Senate and in committees for a return to constitutional government. The American system, for a century of time, meant sound money, protection of the American investors' money and workingmen's jobs, with a duty or a tariff equaling the difference between wages and taxes paid here and those paid abroad, and States rights.

CONSTITUTION EXPLICIT ON POWER TO REGULATE COMMERCE AND TARIFFS

A return to the American system would mean, then, a return to the Constitution of the United States. In that immortal document, in article I, section 8, we read:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises * * *;

To regulate commerce with foreign nations * * *;

To coin money, regulate the value thereof, and of foreign coin.

The 10th amendment of the Constitution provides:

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

For a century and a half, Congress adjusted the duties or tariffs on each product so as to equal the difference in the cost of wages and the general expense of doing business here and in the chief competing nations. Under this principle, American investors and workingmen were assured equal access to the American markets.

AMERICAN ACCESS TO AMERICAN MARKET GIVES AMERICA HIGHEST LIVING STANDARD EVER KNOWN

The Tariff Commission was created as an agent of Congress to adjust the duty or tariff so as to have it represent the difference in the cost of producing an article or a like product here and in the chief competing nation, and to recommend the difference in cost as the tariff. Under this system, the United States reached the highest standard of living every known in the world.

In about 1949 we had a Secretary of State who adopted and followed the policies set forth in 1934 by the then Secretary of Agriculture, later Secretary of Commerce, Mr. Henry Wallace; by the Alger Hiss crowd; and by the Harry Dexter White crowd. White was one of the most despicable traitors this Nation ever produced. He was Assistant Secretary of the Treasury after 1949.

HOW ACHESON ASSUMED AUTHORITY OVER NATIONAL ECONOMY

I shall quote what Mr. Dean Acheson had to say in January 1949.

This is what he said in 1949:

It is hardly possible any longer to draw a sharp dividing line between economic affairs and political affairs. Each complements and supplements the other. They must be combined in a single, unified, and rounded policy.

Mr. President, that is evidence from Mr. Acheson of what he favored, namely, that he wished to have permanently transferred from Congress to the President the authority to adjust tariffs and regulate the foreign trade policies, authority which the President had transferred to the State Department and Acheson.

Mr. President, if that be a wise policy or a wise course, if any Member of Congress or if the President thinks that would be a wise thing to do, why is not an amendment to that effect proposed to the Constitution of the United States?

WASHINGTON QUOTED ON CONSTITUTIONAL POWERS

Once we had a great President—our first President, George Washington. In his Farewell Address he made many wise suggestions, and left us much wise counsel; and his address is a fertile field for study for all our people, whether Members of Congress, the President, or just ordinary citizens. This is one of the things George Washington said in that address:

If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the constitution designates. But let there be no change by usurpation; for though this, in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed.

FATHER OF NATION WARNED AGAINST USURPATION OF AUTHORITY

Mr. President, let us understand that point clearly. It might be that to evade the Constitution, or to change it by usurpation, in one instance would do good; but that is the customary method by which free governments are destroyed.

Mr. President, it may be remembered that Hitler never violated a law passed by the Reichstag; instead, the Reichstag always "beat him to it" by passing any law he wanted.

Congress has reached the danger point; in fact, Congress has passed the danger point in that regard.

LINCOLN WARNED AGAINST GIVING PRESIDENT TARIFF POWER

Abraham Lincoln, another great President of the United States, made a statement which is very significant in terms of what is happening now—namely, that if this Nation is ever destroyed, it will not be destroyed from without; instead, it will be destroyed from within.

As a Member of Congress, Lincoln called for revision of the free trade Walker tariff "with due reference to the protection of our home industry," and added:

The particulars, it appears to me, must and should be left to the untrammelled discretion of Congress.

And in a floor speech on the tariff, referring to the office of President, he asked:

Can he—

Meaning the President—

In the nature of things, know the wants of the people as well as 300 other men, coming from all the various localities of the Nation? If so, where is the propriety of having a Congress?

In an address at Pittsburgh, Pa., following his election as President, but before taking office, Lincoln told his audience that he stood on the Republican platform of that year to revise tariffs so as—and I quote his words—"to favor home production in the home market."

CONGRESS SHOULD ORIGINATE AND PERFECT OWN MEASURES, LINCOLN COUNSELED

In the same speech he voiced his objection to Presidential intervention in tariff legislation.

"As a rule," he said, "I think it better that Congress should originate as well as perfect its measures without external bias."

I am afraid that Abraham Lincoln would not be very popular with our State Department.

Abraham Lincoln was a constitutionalist, and a protectionist.

I shall quote from him again:

Abandonment of the protective policy by the American Government must result in the increase of both useless labor and idleness, and so, in proportion, must produce want and ruin among our people.

So said Abraham Lincoln, one of our greatest Americans.

Mr. President, the big drive to produce want and ruin among our people is on. It began in 1933. Since then the United States economy has been supported by emergencies, including two wars and the preparations for war, and any approach to peacetime conditions has produced among millions of our people ruin, idleness, and want.

ACHESON-THORP POLICY OPPOSITE TO THAT OF LINCOLN

Mr. Dean Acheson in 1949 to all effects favored giving the President the right to trade any commodity produced in this country to foreign nations if he thought

that would further his foreign policy; he would not trust the Congress to approve what he might recommend, but the President must be able to trade any product without the knowledge of Congress.

Mr. Acheson's assistant, Willard H. Thorp, was a willing follower. In January 1949, in the course of his testimony before the House Ways and Means Committee, Mr. Thorp said:

1. The European Recovery Act, or the Marshall plan, or ECA—

Mr. President, today it is called something else. In fact, the name is changed almost every year so the public cannot check up on what is being done—

extends immediate assistance, on a short-term basis, to put the European countries back on their feet.

SECRETARY MARSHALL'S SPEECH AT HARVARD RECALLED

It will be remembered by those who were Members of the Senate at that time that Secretary of State Marshall had made at Harvard University a routine speech which later became famous. I have always doubted whether the old general knew that that particular paragraph was included in his speech. At any rate, in the course of his speech he suggested that the United States give money to European and Asiatic nations to aid in their recovery following World War II.

However, Britain's Prime Minister at that time knew what Mr. Marshall was talking about; evidently the Prime Minister knew all about it in advance. In fact, probably he knew more than Mr. Marshall did about that paragraph of Mr. Marshall's speech. So the Prime Minister of Britain took that paragraph "on the first bounce" and, in 30 days, told the United States what the program would cost it—which was \$17 billion in 5 years. He said that would be the end.

In his testimony, Mr. Thorp also said:

2. The Trade Agreements Act program is an integral part of our overall program for world economic recovery.

Of course, when he referred to the Trade Agreements Act, he was referring to the 1934 Trade Agreements Act, as extended.

Then he said:

3. The International Trade Organization—

It will be remembered well by the Members of Congress—

on which Congress will soon be asked to take favorable action, provides a long-term mechanism. Each part of this program is important. Each contributes to an effective and consistent whole.

PROGRAM CONCEIVED BY HENRY WALLACE BACKED BY WEIRD FOLLOWERS

So, Mr. President, you see what is before the Senate today.

Let me say that in the committee, I did not vote for the bill. In the committee, there were two votes against reporting the bill to the Senate, even though in the committee the bill was amended liberally.

This program was "cooked up" by Mr. Wallace, in the beginning, and then was taken up by the Alger Hiss crowd and the Harry Dexter White crowd, and then

was taken up by Mr. Acheson and his assistant, Mr. Thorp, in the effort to push it through and, subsequently, to extend and continue to extend it.

ITO URGED BY ACHESON, THORP TO BACKSTOP GATT, REJECTED BY CONGRESS

The ITO, or International Trade Organization, was submitted to Congress. Luckily, in the committee we had sufficient votes to kill it. The ITO simply would have approved everything being done at Geneva, by means of GATT—the General Agreement on Trade and Tariffs—a method of arriving at trade agreements, which was organized or spearheaded by our State Department and, by Executive order of our President, was transferred to Geneva, where representatives of the foreign competitive nations sit down and divide our markets among their own nations, by the simple expedient of continually lowering our tariffs and, in the same multilateral trade agreements, promising to lower some of their own tariffs, mostly relatively unimportant.

OTHER GATT NATIONS NOT BOUND TO THEIR AGREEMENTS

Secretary of State Dulles has conceded that other nations do not have to keep their part of these agreements. And they do not keep them so long as they can show they are short of dollar-balance payments in the trade between the United States and themselves. Of course, they can always show that—until our wealth and our markets are equally divided among them and until we are living in just the way they are living now.

Mr. President, that is where we are headed. If it were not for the war economy of today, if we suddenly stopped spending from \$40 billion to \$50 billion a year for defense purposes—and \$50 billion, at least, will be appropriated in the fiscal year 1959—our unemployment would not today be 5½ million; instead, it would be at least 3 times that large—the greatest ever known in the history of the world.

SENATOR RECALLS EARLIER COMMENTS ON ACHESON-THORP PROGRAM

Mr. President, at this time I wish to quote from a speech I made on June 17, 1950, following all the speeches by Mr. Acheson, Mr. Thorp, and many others in the Government:

These pronouncements (of Secretary Acheson in 1949) marked the final abandonment of the workingmen and investors of our own Nation in favor of the one-economic-world theory of averaging the living standards of the nations of the world, and no further venture capital for business development or stabilization could possibly be available since the State Department can choose the industries that are to survive and those that are to be sacrificed on the altar of the one-economic-world theory.

In other words, they could, and they have, remade the industrial map of the United States of America.

I continue to read from my statement of June 17, 1950:

This then, is the three-part free-trade program tying the national economy to the foreign policy to which the administration is irrevocably committed and upon which they have staked their entire combined domestic and foreign policy. This is the well known bipartisan foreign policy—that is, moving to-

ward merging this Nation with a foreign-controlled, one-economic world.

Quoting further:

Spokesmen for the administration say that they have adopted this three-phase free-trade program to average our standard of living with the foreign nations of the world on the theory best expressed by one of their slogans "that you cannot be prosperous in a starving world"; that we must divide our markets—the basis of our own income—with the nations of the world and average the living standard of nations of the world—they say—to avoid world war III.

UNITED STATES IN TWO WARS SINCE 1934 TRADE ACT SOLD AS ROAD TO PEACE

Mr. President, we have had 2 wars in the 24 years we have had the Trade Agreements Act. We had only one that amounted to anything in almost a century without the act. So the act does not seem to prevent war. Now we are in the Middle East trying to protect the oil and the wealth of European nations.

I read further from my June 17, 1950, address to the Senate:

It is the administration's avowed method of establishing world peace.

Then I later said, but not as a part of that speech:

Since the 1934 Trade Agreements Act became effective we have had two wars—World War II and Korea—and are now preparing for a third world war. It would seem the act has not been too effective in keeping us out of war.

Mr. President, for the last 2,000 years, wars between nations have been trade wars. We have been told now for 24 years that if we could have all foreign trade intermingled, and have America dependent on foreign nations for products without which America could not fight a war or live in peace, there would be no war. The facts do not support that contention.

TRADE ACT BACKED BY WALLACE IN 1934 AS ONE-ECONOMIC WORLD TRADE PLAN

I should like to read what Mr. Wallace said in 1934, about the time of the passage of this act. Mr. Henry Wallace was the great man who was Secretary of Agriculture at one time and later Secretary of Commerce. He was the man who hired a fellow by the name of Lee, who was born in Russia and became an American citizen. Mr. Wallace put him in charge of Far East shipping. He was still in that position when World War II started. He is the one I got out of that position, in 1948 or 1949, because he was a Communist. It was not hard to get him out. He was associated with 3 or 4 other Communists. Two of them we got out directly, and two more quit in a few weeks for reasons best known to themselves. We stopped the hearings. Lee and Remington were fired. Everybody had been after Remington, but I finally got him out in 1948 or 1949.

This is what Mr. Wallace said in 1934:

International planning must include a complete survey, item by item, of all the products that enter into our annual output and a conscious decision as to which kinds of products we might receive in large quantities from abroad in times of peace without jeopardizing those industries which we absolutely require in time of war.

That is where Congress picked up the idea that unless an industry were required for national defense, it should not be in business.

WALLACE FAVORED LOWERING AMERICAN ECONOMY TO WORLD LEVEL

I continue quoting Mr. Wallace in 1934:

As producers those who produce for the export market would be beneficially affected by this bill.

That was the first time the free-trade act was passed.

Those who are so inefficient that they cannot meet foreign competition would, in case the powers of this bill were exercised to lower the tariff, be perhaps unfavorably affected.

What he was saying was that unless we reduced our wages and taxes and costs to conform to the low-wage-nation costs, then we were inefficient and should go out of business. That is what some people are still saying. They are saying goods should be imported from wherever they can be produced most efficiently. I have been in every nation of the world. I went into Russia and stayed behind the Iron Curtain for 2½ months and traveled 14,000 miles. I have seen industries all over the world.

AMERICAN POLICY CREATES EFFICIENCY ABROAD, ABANDONS INDUSTRIES AT HOME

American machinery and know-how are available any place on earth at this moment, and they have been for several years. The last plant established anywhere in the world is the most efficient one in the world. Where, Mr. President, do you think the most efficient copper smelting plant is? Is it in the United States? I have news for you, Mr. President; it is in South America. Any time a smelter or a piece of machinery or a factory or a mining outfit is installed in a foreign nation, if it is not the most efficient the engineer will be fired, because the most efficient one is available to him.

What do the owners of such foreign plants do? They hire 2 percent, 3 percent, 5 percent, or 7 percent of well-trained American boys for their business, who train the foreign, low-paid labor. Then the company is as efficient in most cases as an American company with American workmen. All the difference there is, in the long run, is represented in wages and taxes and the cost of doing business compared between the two places, plus, of course, the low-cost water transportation.

TRADE AGREEMENTS ACT CREATING COMPETITION DESTROYING UNITED STATES INDUSTRIES, THEN CALLS INDUSTRIES LIQUIDATED BY THIS COMPETITION INEFFICIENT

That is what Mr. Wallace was saying. That is what many professors are still saying. That is what many advocates of the trade agreements legislation are saying. It is said that if we cannot meet such competition, then we must go out of business.

I wonder, Mr. President, if we remember that since World War II we have given \$75 billion to foreign nations to build plants, to build up credits against our gold supply, and to pay off dictators,

kings, and other rulers? Since that time, Mr. President, there has been \$50 billion invested by American individuals and companies in other nations, to enable them to ship goods back into this country under a free-trade setup. So it is impossible, of course, for American business to compete with the low-wage countries, such as Japan, Germany, and practically every other country, which have American machinery and know-how available.

MACHINERY FOR GIANT RUSSIAN TEXTILE MILL BEING SUPPLIED BY BRITAIN

We have some very helpful people in Europe. I think it is well known, but if it is not, I will cite one case which is rather recent, of July 16, 1958. Of course, we do not trade with Russia. We are very righteous people.

I have in my hand a London AP dispatch dated July 16, 1958, which says:

A big British textile firm, Courtalds, Ltd., said it has signed a multi-million-dollar contract to provide machinery for a factory being built in Russia to manufacture cellulose acetate yarn. Courtalds, Ltd., will supervise the installation of the machinery and put the factory in production. The company did not give the exact amount of the contract.

What kind of machinery, Mr. President, should we suppose the Courtalds textile firm will install in Russia? Will that be the old-time machinery found in China 50 or 100 years ago, or will it be the latest textile machinery known in the world today? Of course we know, Mr. President, it will be the latest machinery. Then, with the wages paid in Russia and with the open arms South America, Europe, and Asia have for the cheapest goods, the result will be that Russia will even take the markets away from England itself, probably, which has taken the market from us already, as well as the Japanese.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield.

Mr. GOLDWATER. Something happened yesterday which was of great interest to the junior Senator from Arizona, and I should like to ask the distinguished Senator from Nevada if it affected him the same way it affected me. I shall start by asking a question. Am I correct in recalling that the Reciprocal Trade Agreements Act has been in effect now about 24 years?

Mr. MALONE. Yes; going on a quarter of a century now. I will say to the distinguished Senator from Arizona that we should not call it the Reciprocal Trade Agreements Act, because the word "reciprocal" is not in it.

Mr. JENNER. Cordell Hull would not recognize it.

Mr. MALONE. Cordell Hull would not recognize it; I agree with the distinguished Senator from Indiana.

Mr. GOLDWATER. I might say I think Americans have a right to be confused, after nearly a quarter of a century—24 years—of trying an experiment which in the mind of the junior Senator from Arizona has not worked. Does the Senator from Nevada not feel that the Senate, after trying for 25 years, should have some observations on

the program, as to whether it is practical?

OBJECTIVES OF ALGER HISS, HARRY DEXTER WHITE, AND HENRY WALLACE CARRIED OUT IN TRADE ACT

Mr. MALONE. I should have. All the results are available and apparent. Of course the program will not work from the standpoint of what it was said to be passed for. From the standpoint of Harry Dexter White, Alger Hiss, and Wallace, it has worked perfectly. It has divided the American markets among the nations of the world, so that if we today had an offer of peace and a guarantee for inspection, exactly as we have asked for, we could not accept peace, because we would be broke tomorrow and all our people would be out of work, because we are on a war economy and the foreign nations, the European and Asiatic nations, which include Japan, have our markets.

Mr. GOLDWATER. Mr. President, in view of the fact that the American people have tried this program for more than 24 years we should be able to make up our minds whether it is good. If it is good, it should be permanent. Yesterday on the floor of the Senate, however, the distinguished junior Senator from Pennsylvania [Mr. CLARK] offered an amendment to make the law permanent. If I recall correctly, the United States Senate voted against that amendment 85 to 4. Does the Senator attach any significance to that vote?

Mr. JENNER. Mr. President, will the Senator yield so that I may answer that question?

Mr. MALONE. I am happy to yield. I really would like to answer it, but I will answer following the statement of the Senator from Indiana.

Mr. JENNER. I think that the United States Senate and the Congress of the United States really thought the vote was superfluous yesterday, because anything which has been in existence for a quarter of a century is assumed to be permanent.

Mr. GOLDWATER. The Senator from Arizona would be inclined to agree with that statement, in view of experience with legislation passed year after year, for 1 year at a time, which we have with us the rest of our lives. However, the junior Senator from Arizona was impressed with the fact that yesterday some Senators said very emphatically that the law was no good. Despite that, many of them no doubt are going to turn around this afternoon, tonight, tomorrow, or next week some time to vote for the extension of the law. I am one Senator who cannot quite understand how the Senators are going to cut their consciences to fit the square hole they are supposed to fit. After having said yesterday, "The law is no good; we do not think it should be permanent," how will they be able to say, "We will have to vote for it because Eric Johnston wants it"?

TRADE ACT PART OF PINCERS MOVEMENT TO DESTROY AMERICA'S ECONOMY

Mr. MALONE. I will say to the distinguished Senator from Arizona that

the situation should be apparent now. We now know the reason why the act was passed in the first place. The act was never passed for the good of the American producer or taxpayer, because it has now been shown that it was not the only pincer movement. There is a pincer movement, I will say to the distinguished Senator from Arizona. We went off the metal standard for money in 1933, so we immediately threw inflation into everything and priced ourselves out of every market in the world. Then in 1934 we passed the 1934 Trade Agreements Act, laughingly called the Reciprocal Trade Agreements Act. The act was never intended to be reciprocal. It is not reciprocal. It has divided American markets with a hundred foreign nations.

GATT CONCEIVED IN 1947 TO SPEED DESTRUCTION OF OUR MARKETS

Up to 1947 this was done by the State Department in bilateral trade agreements. Then in 1947 the multilateral GATT principle was adopted. The President by Executive order located that fanciful international organization in Geneva. Its numbers grew very fast, and now there are 36 foreign competitive nations sitting in Geneva dividing our markets among them, through the simple expedient of lowering tariffs—lowering our tariffs on important things and lowering theirs on generally less important things.

SENATOR BRANDS STATE DEPARTMENT ONE-WORLD MINDED

We are a member of that organization. The organization has a total of 37 members, each having 1 vote. However, we have a State Department which is all one-world minded. The gimmick is that it is not necessary for the other countries to keep their trade agreements. The other countries do not have to keep their trade agreements so long as they can show they are short of dollar balances. Foreign countries can always show that, and will continue to do so until our wealth and markets are equally divided among them and we are all living alike. Then the Senator knows what situation we will be in. We will not like it, but it will be too late.

Mr. GOLDWATER. In closing, I thank the Senator from Nevada for yielding, and at the same time I wish to compliment the Senator for making his usual learned address on this subject. It seems the United States Senate does not think enough of this program to make it a permanent law. The junior Senator from Arizona does not think the program is good enough to pass it as a 5-year measure. The Senate Committee on Finance thinks it might be a good enough program to justify a 3-year extension. Is there not some way we can stop it altogether, so that Eric will not get what Eric wants?

ERIC JOHNSTON INFLUENCE DISCUSSED

Mr. MALONE. As to Eric Johnston, it is pretty hard sometimes to determine exactly whom he represents. He represents the Hollywood motion picture producers, who make pictures in England and bring them into the United States.

They pay taxes and wages over there, where there are large gatherings to make pictures. They bring the pictures into the United States at very little cost. This man was employed by the Hollywood motion picture industry to come here and browbeat Members of Congress. He is doing it on the basis that he is importing all the pictures that can be made over there. He joined Mr. Paul Hoffman and several other great figures in American history in an effort to influence Members of Congress—to scare them so badly that they would not dare to vote against the bill.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. GOLDWATER. In the Senator's long experience in Washington, has he ever before seen an example of the executive branch of the Government going so far around the Constitution and its intent as to hire a public relations man to take over the prerogatives of the legislative body under our Constitution?

REPUBLICAN PRINCIPLES OF 100 YEARS ABANDONED BY PRESENT ADMINISTRATION

Mr. MALONE. This is the first free trade administration the Republicans have had in 100 years. I hope it will be the last free trade Republican administration.

Before I complete my discussion of this subject, I shall document the record by citing the platforms of both parties for a century. They will show that the Democrat Party has always been led by free traders. They have always wanted to lower tariffs below the difference in the cost of production. For 100 years, the Republican Party, until the beginning of this administration, has always been for tariff adjustment. Article I of section 8 of the Constitution referred to tariffs as "duties, imposts, and excises."

TARIFFS ADJUSTED PRIOR TO TRADE ACT TO GIVE AMERICANS EQUAL ACCESS TO OWN MARKETS

We had been improving the system continually, and adjusting the difference in wages and costs of doing business here and abroad by tariffs. It was a process of evening the costs, so as to take the profit out of the low-cost labor at the water's edge, in order that Americans could compete for the American market. If anyone wanted to change his business, or establish a new business, and he had an idea for a product that would compete with other Americans paying approximately the same wages and taxes, if he could obtain financial support to build a factory or establish a mine, he was in business. If his judgment proved incorrect, he was out of business. We built the greatest nation on earth, and the greatest standard of living on earth.

Now we have reversed the process and have started a complete division of the wealth and tax money of the United States with the nations of the world. That process started in 1934. The President was given authority to trade a part or all of any industry at any time.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. JENNER. Does the Senator understand the new and beautiful expres-

sion, "the dollar gap"? Does he understand that we must have customers, and that there are 4½ million people in America living off this program?

Mr. MALONE. Yes. That is the trouble.

Mr. JENNER. The Senator mentioned the Republican Party. Does he mean the modern Republican Party or the old line Republican Party?

Mr. MALONE. I am talking about the Republican Party. I do not know anything about the modern Republican Party. I am no part of it. Perhaps a third party will spring up which some of us can join.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. GOLDWATER. It is understandable that the Senator does not know anything about the modern Republican Party. It died last year with the election of the junior Senator from Wisconsin. I think the clods which fell on the coffin were heard all over the United States.

Mr. JENNER. I believe Paul Hoffman read the Senator out of the modern Republican Party; did he not?

Mr. GOLDWATER. Paul Hoffman tried to read the three of us out of the modern Republican Party. I am sure that had nothing to do with the desire of the Senator from Nevada to leave. I do not blame him for not wanting to associate with Paul Hoffman.

Mr. JENNER. He is an Indiana idiot. That is where he came from.

Mr. GOLDWATER. Did he come from Indiana?

Mr. JENNER. Yes; but we are ashamed of it.

Mr. GOLDWATER. I am married to a Hoosier.

Mr. JENNER. After he bankrupted Studebaker, they did not want him.

Mr. GOLDWATER. Is there any way to get him out of the Republican Party?

Mr. JENNER. If there were any way to send him to Lebanon, that would be the place for him. But Lebanon might not be far enough away.

Mr. GOLDWATER. We are not that mad at Lebanon.

Mr. JENNER. No.

PAUL HOFFMAN'S ATTEMPT TO PURGE G. O. P. OF REPUBLICANS DISCUSSED

Mr. MALONE. Paul Hoffman is the only man I have been able to think of so far who has had the influence with the White House that he apparently has, who has never been successful at anything. He has destroyed everything he has touched.

Mr. JENNER. Including Studebaker.

Mr. MALONE. He destroyed that. Then he wrote an article for Collier's magazine. Certain Senators may remember it, because they were very prominently mentioned. He said that we should be purged from the Republican Party. I do not intend to resign from the Republican Party, because we intend to turn it into a real Republican Party.

Mr. JENNER. The Senator does not think it is too late, does he?

RESTORATION OF PARTY PROTECTING JOBS OF NATION'S WAGE EARNERS PREDICTED

Mr. MALONE. No; I do not. I believe we will get back to the Republican Party which wants to protect the working men and investors of the Nation in their jobs and investments, and will do so by a flexible tariff that will equalize the difference in wages and costs of production here and abroad.

To get back to Paul Hoffman, when he failed in the automobile business and destroyed Studebaker, I understood that Mr. Roy Hurley, of Curtiss-Wright, intended to take it over. He has had a hard time bringing it out of the mess it was in.

HOFFMAN ARTICLE PRECEDED COLLAPSE OF MAGAZINE THAT PUBLISHED IT

Paul Hoffman, as I said before, wrote an article for Collier's magazine suggesting that several Senators be purged. So far as I know, the issue in which that article appeared was the last to hit the streets. The man really has something. I do not know what it is. When he touches anything, it is gone.

Mr. President, of course it is well known that what we have done from the beginning under the 1934 Trade Agreements Act—the so-called Reciprocal Trade Act—is really to destroy commerce distribution of the industrial structure of the country with the view of remaking it on the Old World socialistic model. I refer to it as the so-called Reciprocal Trade Act in order to identify it, so that all Senators will recognize it. That is what it is called. Senators have been well trained in that respect.

When the Trade Agreements Act was first enacted the State Department was operated by several of Mr. Acheson's predecessors, then by Acheson himself, and now by Mr. Dulles. They have all advocated such legislation.

Mr. JENNER. Mr. President, will the Senator yield to me?

Mr. MALONE. I yield.

Mr. JENNER. I should like to be able to suggest the absence of a quorum, if it may be understood that the Senator from Nevada will not lose the floor.

Mr. MALONE. I yield with that understanding.

The PRESIDING OFFICER. Does the Senator from Nevada yield for that purpose?

Mr. MALONE. I do.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JENNER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNITED STATES FIGHTING FOREIGN WARS FOR PRODUCTS IT HAS AVAILABLE HERE AT HOME

Mr. MALONE. Mr. President, we fought World War I, World War II, and what many of us called world war III—a police action in Korea, in which the American boys were not allowed to win

or lose, the kids were simply murdered—on the theory that it was necessary for us to cross a major ocean to protect strategic or critical materials which were not otherwise available to us.

SENATE REPORT NO. 1627 ON STRATEGIC MATERIALS SHOWS HEMISPHERE CAN BE SELF-SUFFICIENT

In 1954 the Committee on Interior and Insular Affairs completed a report on the Western Hemisphere entitled: "Accessibility of Strategic and Critical Materials to the United States in Time of War and for Our Expanding Economy." Pursuant to Senate Resolution 143, this document was printed as Senate Report No. 1627.

In that report, the committee said that the Western Hemisphere could be made self-sufficient for either war or peace, and that the Western Hemisphere could be defended with strategic and critical materials available in North America.

NO MIDEAST OIL REQUIRED BY UNITED STATES FOR PEACE OR WAR

If a decision is made by the Chief Executive that we must protect other nations from third nations, and that we must keep everything in status quo, that is one thing. But I read in the press this morning that the Mideast oil is in danger.

I say categorically that the United States does not need a drop of oil from Asia or Europe for either war or peace. Any oil which we need can be secured from the Western Hemisphere. The fields and the supply lines can be protected so that we can get it in wartime. We do not have to have anything sent through the Suez Canal for either war or peace. We avowedly went into those three wars to protect strategic and critical materials which had to be shipped across major oceans because it was said by the respective Chief Executives and by Secretary of the Interior Ickes, during his tenure of office, that those materials were not otherwise available to us. Many of us doubted these statements and we wanted to investigate and ascertain the facts.

EXTENSIVE INQUIRY PRECEDED SENATE REPORT NO. 1627

That was the reason for the report which was made by the Committee on Interior and Insular Affairs, and which I just described. Two years of investigations and hearings were required before the report was made. Testimony was given by nationally and internationally known engineers and economists and by the chairman of the subcommittee, the senior Senator from Nevada, who has had 30 years of engineering experience. That report was handed to the President of the United States in July 1954.

When conversations were taking place all over the country in that year, to the effect that it was necessary for us to protect Africa to get uranium and other materials from the Belgian Congo, I said categorically that if we treated our taxpayers half as well as we did foreigners, uranium would be running out

of our ears in 2 years. That was in 1954. That happened.

URANIUM BEING IMPORTED AT GREATER COST THAN THAT PRODUCED IN UNITED STATES

Now, to a certain extent, we are closing down and putting a damper on United States production of uranium. We are importing uranium from the Belgian Congo, Canada, and almost everywhere else, under contract, and are paying much more for it in many instances than it costs in the United States.

So I say it is not necessary to go to war across major oceans to get everything we need for war or peace. The Western Hemisphere can be protected right here in North America. About one-third of the land area of this continent is in the United States, and we have a population of about 160 million. There is room for a billion without crowding anyone.

FAVORITISM TO EUROPE COSTING UNITED STATES SOUTH AMERICAN FRIENDS

While we have our eyes on Europe and Asia, we are losing many of our South American friends and a part of our trade with South America. If the United States is to have any profitable trade in the future at all, it will be in the Western Hemisphere; it is not in the cheap labor countries of Europe and Asia. We had better start to pay a little attention to our homework.

SENATE REPORT NO. 1627 OPPOSED EXTENSION OF 1934 TRADE AGREEMENTS ACT

In a letter to the chairman of the committee dated July 9, 1954, in which the report to which I have called attention was submitted, we said, under the heading "Committee Recommendations":

The availability of critical and strategic materials are vital to military security and to an expanding domestic economy. National survival in time of war depends on ample and uninterrupted supplies of the 77 such materials included in the report. To assure that imperative needs of the United States be met:

1. We recommend the closest cooperation among the nations of the Western Hemisphere, which is the only dependable source of the necessary critical materials in time of war. This area can be defended and can be made self-sufficient in the production of such materials. We recommend that the spirit of the 130-year-old Monroe Doctrine prevail in our relations with the nations of the Western Hemisphere.

2. We recommend that Congress insure that the regulation of foreign trade conforms to the principles thus laid down in article I, section 8, of the Constitution thus assuring the American workers and investors equal access to American markets.

That means that this act should not be extended, that we should conform and return to the Constitution of the United States. I continue:

3. We recommend eliminating our Nation's present dependency upon remote and possibly unfriendly or neutral areas of the world for the critical materials, without which we cannot conduct a war.

The only tin smelter in the Western Hemisphere is in Texas City, Tex. The continued operation and maintenance of this smelter is essential to our security. The capacity meets our wartime needs.

FREE TRADE PROGRAM JEOPARDIZES NATION'S SURVIVAL

High grade tin ore from Bolivia was being shipped to England, where it was processed, and then shipped to the United States. That required the crossing of a major ocean twice. The ocean could not be crossed at all during war time.

4. We recommend increased depletion allowances to producers of critical minerals and materials as a further incentive to production.

Further studies should be made of the Canadian method of delayed taxation in connection with such critical mineral and material development.

5. We recommend acceleration of the Federal program of stockpiling critical and strategic minerals and materials to assure ready supplies in the event of war and coordination of this program with "going concern" production industries in the Western Hemisphere to assure continuation of necessary supplies under stress of war.

A going-concern production of all materials needed by the United States in war is the best means of survival.

How can that be done under a free trade policy which advocates and permits the President of the United States to trade an industry to a foreign nation under our foreign policy without the knowledge of that industry, and which prevents further investment in private industry subject to that particular act?

INCREASED TITANIUM OUTPUT RECOMMENDED

6. We recommend studies with a view to improve petroleum, gas, and coal resources and develop them to assure maximum availability of domestic fuels for both the peacetime economy and national security. Such studies should determine whether present regulations are unduly restrictive of our own resource expansion and reserves, and if so, regulations should be adjusted to maintain our self-sufficiency in these vital fuels.

7. We recommend increasing the production goal for titanium to 150,000 tons annual minimum without delay. Titanium is a new wonder metal. This is a military must. Contracts should be awarded without delay by the Government to qualified concerns prepared to contribute toward this goal. Civilian demands are tremendous for this heat resistant high-strength-weight-ratio, noncorrosive, nonmagnetic metal.

This metal can become the basis for a \$5 to \$10 billion new civilian industry. Production of the long-range supersonic speed bombers and the necessary fighter planes will make obsolete any nation's air equipment built without it.

UNITED STATES TITANIUM PRODUCTION CUT BACK BY IMPORTS FROM JAPAN

Mr. President, let me say that in the little town of Henderson, Nev., about 10 miles south of Las Vegas, contracts such as the ones recommended in the report from which I have just now read were let; and, as a result, approximately 50 percent of the titanium produced in the United States was being produced there.

The other 50 percent was produced in New Jersey, by the duPont Co. All of it was of good quality, and all of it was being put to use.

Suddenly, titanium started to be imported into the United States from Japan, where it was produced by American-owned companies, using American-manufactured machinery and American workers.

IMPORTS OF JAPANESE TITANIUM COSTS JOBS OF AMERICAN WORKERS

The Japanese-produced titanium was imported at prices so low that there was no chance for competition by titanium produced in the United States. The result was that, last year, 500 men were laid off at Henderson, Nev., and there is grave danger that the titanium plant at Henderson, Nev., will be shutdown entirely. Of course, in time of war, no materials could be secured by the United States from Japan. Nevertheless, the United States is gradually becoming dependent again on foreign sources for the commodities it must have in time of war.

ZINC IMPORTS FROM MEXICO CLOSING AMERICAN MINES

As a matter of fact, the imports of zinc from Mexico and other nations have caused our zinc mines to close.

In the case of tungsten, amounts in excess of those provided for in the Malone-Aspinall Act, which provides for certain payments per unit in the case of tungsten produced in this country, have been obtained, under contract, from Korea and other countries across major oceans.

Mr. President, the Malone-Aspinall Act, enacted in 1953, and renewed in 1956, will be good until 1959. The Senate has voted the necessary appropriation four different times, and each time has sent the measure to the House of Representatives; but each time the House of Representatives has refused to make the appropriation. Therefore, the act is inoperative.

BATS, HORNED TOADS TAKING OVER AMERICAN TUNGSTEN MINE, OWNER REPORTS IN BITTER CONDEMNATION OF TRADE ACT

Mr. President, what is the situation of the American tungsten producer today? I will cite one example, representative of the many plaintive appeals I have received. I ask unanimous consent, Mr. President, to have printed in the RECORD, a letter, handwritten on tablet paper, that I received only today from Mr. Lloyd C. Schrader, a long experienced and expert mining man who, his mine now being closed, has removed from Nevada to California, where he can meditate on the causes of his despair.

There being no objection, the letter of Mr. Lloyd C. Schrader was ordered to be printed in the RECORD, as follows:

PORTERVILLE, CALIF., July 16, 1958.
UNITED STATES TARIFF COMMISSION,
Washington, D. C.

GENTLEMEN: The Post Office Department's notice of arrival of registered mail containing your tungsten questionnaire was sent to my ex-tungsten mine—a quiet spot inhabited by bats and horned toads crawling about over rusted machinery and rotted timbers to help the field mice and packrats fashion a fitting monument for the Reciprocal Trade Act and those un-American statesmen who reside in Washington, D. C., the former capital of the United States of America.

I am sorry that I am unable to fill out your questionnaire as requested. The Post Office Department sent it back before I learned it was here.

I wonder if it really matters as I am only a humble, hard-working, American citizen with no claim to royalty, and no hope of

ever being the blue-blooded owner of a foreign mine.

Respectfully,

LLOYD C. SCHRADER.

FATE OF TUNGSTEN, LEAD AND ZINC INDUSTRIES
IN HANDS OF HOUSE OF REPRESENTATIVES

Mr. MALONE. Mr. President, the Senate has passed a bill which will guarantee a certain price for each of 4 or 5 metals. Included among them are tungsten, lead, fluorspar, zinc, and a certain amount of copper to be purchased for the following year. That bill is now in the hands of the House of Representatives. What the House of Representatives will do with it is problematical.

Mr. President, is the Congress going to permit these industries to be put out of business. The 1934 Trade Agreements Act expired on June 30. If it is renewed, the administration will continue to trade these industries down the river, in the interest of a foreign policy of doubtful effectiveness, at best, because it is well known and well understood, among those who are familiar with the other nations, that if a real war begins, Europe will have to be neutral, for her own preservation. Probably within 1 or 2 years all the American bases in Europe and Asia will no longer be available to us; and that then those nations will insist that our forces leave, because otherwise their security will be threatened.

UNITED STATES URANIUM MINES DEPRESSED BY
IMPORTS FROM FOREIGN NATIONS

Uranium is coming from the Belgian Congo, Canada, and other nations, and our own mines are being depressed.

I read recommendation No. 8 in Senate Report No. 1627:

We recommend that goals for production of uranium for fuel be made adequate to meet both military and civilian requirements. Hemisphere self-sufficiency in uranium for fuels can be attained.

In other words, we do not have to go across major oceans to get uranium, oil, or any material on earth that we need for war or peace.

Coal: We are the greatest coal-producing nation on earth.

Oil: We have 350 billion barrels of oil in oil shale, and gasoline and processed oil derived from oil shale costs a very small amount above the cost of oil that comes from underground.

We have more underground oil at the moment than we have even known in the history of this Nation. I do not think the surface has been scratched.

DEPENDENCE ON FOREIGN NATIONS SOUGHT BY
FORMER HIGH OFFICIALS—SENATE CHARGES

However, we had the Harry Dexter Whites, and the Alger Hisses, and the Henry Wallaces, and gentlemen like the former Secretary of Interior, Mr. Ickes, who wanted us to become dependent on foreign nations for all these materials.

In 1945, Harry Dexter White, who was Assistant Secretary of the Treasury, wrote a 4- or 5-page memorandum to Mr. Morgenthau suggesting that we lend—and lending would mean giving it to them—\$5 billion to Russia, for which Russia would furnish oil, tungsten, lead, zinc, and 4 or 5 other materials which he said we were practically out of in this country.

Mr. Morgenthau took that letter on the first bounce, sent it to the then President of the United States, and asked for a \$10 billion loan to Russia for the same purpose. The fact that we now have many times the reserves of oil, lead, zinc, tungsten, and other products than we had when he wrote the letter seems to be overlooked by the Congress of the United States and the administration.

UNITED STATES TUNGSTEN OUTPUT ZOOMED UNDER
MALONE-ASPINALL ACT

Under the Malone-Aspinall Act, with the prices of tungsten and six other metals fixed at what was estimated to make up the difference between the world price and the cost of production in this country, with a reasonable profit, we were producing twice as much tungsten as is used in America, the production has been increased many times since Harry Dexter White wrote his famous letter to Mr. Morgenthau.

POLICYMAKERS OF THE THIRTIES AND FORTIES
DISCREDITED BUT POLICIES STILL FOLLOWED

What I said in my previous speeches we were doing we are continuing to do. We are still following Henry Wallace, Harry Dexter White, Alger Hiss, and the other famous officeholders in the State, Treasury, Agriculture, and Commerce Departments, after they have been thoroughly discredited both personally and with regard to what they had said about materials which, according to them, we could not produce in this country.

OTHER RECOMMENDATIONS OF SENATE REPORT
NO. 1627 CITED

Mr. President, may I repeat recommendation No. 8 of Senate Report No. 1627 and continue with other recommendations which follow in this report.

We recommend that goals for production of uranium for fuel be made adequate to meet both military and civilian requirements. Hemisphere self-sufficiency in uranium for fuels can be attained. A liberal long range market price must be maintained as long as Government control is necessary for security. A tremendous civilian potential use of uranium is assured based on nuclear power for industry.

9. We recommend a review of the work of the Securities and Exchange Commission by the appropriate committees of Congress to clarify its duties and responsibilities. The sale of securities affects the strategic materials program. It is recognized that the Commission should assure full and complete information to potential purchasers of securities, and that its responsibility does not include determination of feasibility. Such congressional committee review should consider the advisability of a requirement that a thorough and confidential inquiry should precede any public announcement of an investigation of offered securities.

10. We recommend determination by the Congress, through appropriate committees, of the precise duties, and relationships between the multiple (approximately 38) agencies and branches of our Government responsible for stockpiling operations of critical materials.

The determination of these duties should precede the appropriation of funds for these agencies with the aim of facilitating their work and of fixing responsibility for the proper coordinated objectives.

11. We recommend appropriations of \$50 million annually to establish and operate a comprehensive 5-year program of laboratory, pilot-plant, and exploratory research into

improved methods of beneficiation of critical materials and the study of substitutes, including synthetics and replacements.

We approve the research and studies conducted by the Bureau of Mines on the low-temperature carbonization of coal and we recommend that adequate funds be appropriated to conduct extensive studies and investigations of ways and means to revive the coal industry. These funds should be made available to be used independently or in conjunction with responsible privately operated companies and organizations.

It is recommended that research and pilot-plant work be continued. That the erection of a large-scale oil-shale plant be considered by industry in cooperation with the Government. Such plant would endeavor to advance the production of petroleum fuel on a commercial basis, and it would be available in a war emergency.

12. We recommend rejection of international controls of production, prices, and supplies of critical and strategic materials unless by legislative action by the Congress of the United States.

Those recommendations appear on pages 3 and 4 of Senate Report No. 1627 of the 83d Congress. The report also contains findings with respect to a list of 77 strategic materials. There is supporting data in the remainder of the report, about 400 pages.

RELIEF TO STRICKEN METAL INDUSTRIES SEEN
IF TRADE ACT NOT EXTENDED

Mr. President, if it were not for the bill under discussion today—that is to say, a measure to extend the 1934 Trade Agreements Act—no special legislation would be needed in regard to the production of any of these materials. What we would have then, and what we should have today, since the Act expired on June 30th, would be a reliance on the Tariff Commission, an agent of Congress, for relief under the 1930 act, a perfect free-trade act.

The objective announced by the 1934 Trade Agreements Act, to reach free trade among nations, does not help the living standards in foreign nations, and let me state why. In the foreign nations, kings, queens, or dictators control both the economic structure and the foreign policy, just as our own executive does now in this country, under the act, but which is otherwise provided by the Constitution.

LOW FOREIGN WAGE RATES THE INCENTIVE FOR
\$50 BILLION IN UNITED STATES FOREIGN INVESTMENT

When American capital goes into foreign countries—and more than \$50 billion has gone into foreign countries—it does not raise the living standards of the recipient nations. What they do is to hold the wages and living standards as low as they can possibly hold them. The lower they hold them, and the higher the price they can get for their products in the United States, the greater the profit is.

Therefore, there is an incentive to hold down the wages and the costs in the foreign nations, which has been done for the 24 years of the existence of the act. The goods are shipped to the United States under practically free trade to make money, while men here are thrown out of work. There are 5½ million men now on the streets, practically all of them in that situation by virtue of this act. The goods shipped into this country also

destroy the money of American investors which is invested in American private industry.

So, Mr. President, what we are doing, if we renew and extend the Trade Agreement Act, is to deliberately destroy our working men and investors. That is the reason the act was passed when it was originally enacted in 1934. It was not passed to help America; it was passed to destroy America's free-enterprise system and her economy.

HOW GOVERNMENT CAN ESCAPE FROM DESTRUCTIVE TRADE AGREEMENTS OUTLINED

Mr. President, what does the 1930 Tariff Act provide? That act will be in force if the 1934 Trade Agreements Act is not extended. Under that act, if today the United States should serve notice on the Secretary General of the United Nations that the United States wants to cancel its multilateral agreements made by and with this outfit at Geneva, in 60 days every product covered by the multilateral trade agreements—and there are several thousands of them—would revert to the authority of the Tariff Commission, which is an agent of the Congress.

On what basis would that be? The Tariff Commission would determine under section 336 of the 1930 act the difference between the cost of production in this Nation and the cost of production in the chief competing nation. It would not be the high cost or the low cost, but it would be the reasonable cost of production here, and the reasonable cost of production in the chief competing foreign nation—that is exactly the language of the act—with respect to a given product or all like products. Then the Tariff Commission would recommend that difference in reasonable cost to be the tariff, and that would be the tariff under the 1930 Tariff Act.

TERMINATION OF BILATERAL AGREEMENTS
REQUIRES 180 DAYS

When there are bilateral trade agreements, made by the State Department, 6 months' notice, or 180 days' notice, are necessary to cancel such an agreement. At the expiration of the 180 days, all the products under that agreement would revert to the authority of the Tariff Commission, an agent of Congress, on the same basis.

That is the law which provides for a flexible tariff. That is the best tariff law ever passed. The first tariff law was passed in 1789, and was a protective tariff. The tariff has been protective ever since. The modus operandi and the methods have been improved, and the 1930 act was the best act. That was the flexible tariff act.

NEW TARIFF RATES WOULD TAKE HIGH PROFITS
OUT OF LOW-WAGE IMPORTS

The Tariff Commission can, under the 1930 act, make an investigation with respect to a product today and determine that a certain tariff is necessary to take the profit out of the low-wage product at the water's edge. The 1930 Tariff Act is an equalization-of-cost act. That is what the act is labeled. Then the next day, in 6 months or in 6 years the Tariff Commission can make another examination, on its own motion, on request of the President, on request of the Congress, or

on request of a producer or a consumer, and can make another determination. If the foreign nation has raised its standard of living, the tariff can be reduced accordingly, and when the people of the other nation are living at about the same standard we are, there would automatically free trade.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. JENNER. According to what we read in the press, if this law is not extended we will revert to the law of the jungle. That is absolutely untrue, is it not?

DISTORTION BY SOME TRADE ACT ADVOCATES
CRITICIZED

Mr. MALONE. It is not only untrue, but it is unpatriotic. If I thought those writers knew the effect of what they were saying I would call them traitors on this floor, but I am sure they do not know, because I cannot imagine anything being written along that line if they knew the facts.

Mr. JENNER. Mr. President, will the Senator yield further?

Mr. MALONE. I yield.

Mr. JENNER. Is that not about all we read in the press?

Mr. MALONE. That is all I read in the press.

Mr. JENNER. The Senator is correct.

Mr. MALONE. I read these columnists. I do not know why I read their columns, because I get a little more angry each time I read them.

One of the writers downtown—I forget his name, but I can look it up and supply it for the record—said very emphatically and positively in his column that even the protectionists wanted the bill passed because if it were not passed they could not get an adjustment of their tariffs. I called this writer up and said, "I am a reader of your column. I know you want to be accurate, and I thought I would call your attention to this matter to explain it to you." He said he was very glad to hear from me. I wrote him a letter, but he has never corrected that column, to the best of my knowledge, and he has never mentioned the subject since. Of course, he was wrong diametrically from the facts in the case and I think he knew it, but I did not tell him that.

Mr. JENNER. In Russia they call that "brainwashing." Would the Senator say that the free press of this country is deliberately and maliciously "brainwashing" the American public on the question of reciprocal trade?

Mr. MALONE. There is no question about it. I do not know who controls the policy of the press. I do not know who controls the policy of most television and radio stations. When we open up a set and turn it on, all we hear is that this is the greatest act on earth, that this is building the standard of living of the workingmen and investors of this Nation, and that it would be a catastrophe not to extend the act.

Mr. JENNER. It is said that if the act is not extended a lot of people would be unemployed, up to 4½ million. Where do those figures come from?

GIFTS AND SUBSIDIES TO FOREIGN COUNTRIES
ERRONEOUSLY CLASSIFIED AS TRADE

Mr. MALONE. As to the possible 4½ million unemployed, I put a table in the RECORD. We call it trade when we ship something overseas and pay a subsidy to cover the difference between its cost and what it is sold for. We call it foreign trade when we ship farm products overseas under support prices and sell them at world prices.

I will give the Senator an example, which it may be well to have in the RECORD. We have a Sugar Act. Congress can take any product it wants and treat it any way it thinks is equitable to the producers and consumers. Therefore, on sugar we have a tariff, a quota system, and several things. What we do is to allocate to the beet and sugarcane producers in this country an amount which they believe is sufficient, or they are satisfied they can produce. Then come the possessions such as Puerto Rico and Hawaii, each of which gets a quota. The Philippine Republic is not independent, of course, as the Senator well knows. If we did not give the Philippines about the same advantage they would be broke in a week. Therefore, we allocate a certain amount of sugar production to them. Then there is a certain amount left over. We eat more sugar than we produce. We allocate that to various nations.

CUBAN RAKEOFF ON SUGAR, WHEAT DISCUSSED

During World War II and the Korean war, Cuba had been given about 88 or 90 percent of the allotment. I do not remember the exact percentage. I have been to Peru and all the nations in South America, as well as all other nations in the world. I wanted to see what they produced and how they lived.

In Peru and several other nations it is possible to produce more sugar than is now produced. One percent of the amount left over of the United States allocation would raise the standard of living in Peru somewhat, so I suggested to the State Department assistant who was testifying before our committee that perhaps we should take 1 or 2 percent from the 88 percent and give that allocation to Peru. The State Department was adamant. They had the votes in the committee, so I did not win very much, but I asked the assistant, "Why are you so adamant that you must keep Cuba on 88 or 90 percent of the amount of sugar we consume, beyond what we allocate to our own people?" He said, "They buy our wheat." I said, "That is very interesting. When they buy our wheat, do they pay our support price or do they pay the world price?" With some hesitation he said, "They pay the world price." I said, "That is very interesting, too. When we buy their sugar, what do we pay? Do we pay the support price or the world price at which price the rest is sold and on which the producers make plenty of money?" With quite a bit of hesitation, he said, "Well, we pay our support price."

I figured out right there, in the hearing, and it is in the record, that every bushel of wheat we sell Cuba costs the taxpayers \$1.35. We call that foreign trade.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. JENNER. When we take into consideration all the giveaways and the fake loans and all these "gimmicks," how does our foreign trade today compare with what it was when the trade agreements law was first passed in 1934? Has it increased or decreased?

Mr. MALONE. It has decreased.

Mr. JENNER. The Senator should take into consideration, when he answers the question, that our dollar is now said to be worth 48 cents. That is debatable. We have a great many 30-cent dollars. Taking that fact into consideration, can the Senator tell the Senate whether, since 1934, under the reciprocal-trade program, the foreign trade of this country has increased or decreased?

RATIO OF UNITED STATES EXPORTS TO PRODUCTION SLUMPS SINCE 1934 TRADE AGREEMENTS ACT PASSED

Mr. MALONE. In 1925 it was 10 percent of our exportable goods. In 1927 it was 9.7 percent; in 1929, 7.3 percent; in 1933, 6.5 percent. Then we skip a few years. In 1937 it was 7.4 percent; in 1939, 7.5 percent; in 1940, 8.1 percent. That covers the period the Senator is talking about.

Mr. JENNER. That is correct.

Mr. MALONE. Starting back in 1950, it was 6.4 percent.

Mr. JENNER. And in 1925 it was 10 percent.

Mr. MALONE. Yes. In 1952 it was 6.2 percent; in 1953, 6.4 percent; in 1954, 6.2 percent; in 1956, 7.4 percent; in 1957, 8 percent.

Mr. JENNER. In other words, the answer to my question is that on the average, over the years, it is less today than it was before the Reciprocal Trade Act went into effect.

Mr. MALONE. Yes; it is.

Mr. JENNER. Has the Senator taken into consideration the fact that the value of that trade, in dollars, has been cut to the basis of a 48-cent dollar? Is that fact reflected in the Senator's figures?

Mr. MALONE. No; it is not.

Mr. JENNER. Then the true picture is that it is much less than it was when the Reciprocal Trade Act went into effect.

INVITATION TO SECRETARY DULLES TO COMMENT ON TRADE TABLE NOT ACCEPTED

Mr. MALONE. That is a good suggestion, and that is correct.

Let me show what is reflected by the table which I placed in the RECORD early in my address. From 1909 to 1957, we merely subtract from the total of what is called foreign trade the amount of money we have given other nations to buy the goods each year, the subsidies we pay, and the difference between the cost and the world price. When we do that, we arrive at the percentages shown in the table. I presented the table to Secretary Dulles and said, "If you have any comments to make, I should like to hear them. If you have no comment at this time, please write me a letter, but remember when you write it the argument will have only started." I have not heard from him.

Mr. JENNER. We hear discussion to the effect that we must continue the program to help our allies fill their dollar gap. Will the Senator tell the Senate, the occupants of the galleries, and the bright-eyed newspaper reporters who never print any of these facts so that the American people may know them, where the largest percentage of our export foreign trade goes?

FOREIGN NATIONS CREATE OWN DOLLAR GAPS
SO CONGRESS WILL PLUG THEM WITH UNITED STATES GOLD

Mr. MALONE. The dollar gap has been used in a peculiar manner. There is only one way the distinguished Senator from Indiana or the Senator from Nevada can have a dollar gap, and that is by spending more money each week, month, or year, than he earns. I have experienced that situation many times.

There are two ways a nation can have a dollar gap. One is by spending more money than it makes each year, which is done regularly by dictators, kings, and so forth. The second is to manipulate its currency in terms of the dollar, and fix a value on it, in dollars, higher than the market price, so that no one but the Congress will buy it. That makes the dollar gap. Ever since 1946, the year before the Senator and I entered the Senate, we have made up the difference in appropriations.

THREE AND A QUARTER BILLION IN UNITED STATES GOLD USED TO PLUG BRITAIN'S POSTWAR DOLLAR GAP

The three and a quarter billion grant or loan to England was to be the last. The purpose of it was to make up their dollar gap. That was the amount they had overspent for the year. When we find out how much more a nation buys than it earns, that is the dollar gap. In 1948, 1949, and 1950, when I spoke on the floor of the Senate, I was still under the impression that someone might listen to the facts—

Mr. JENNER. Or print them.

Mr. MALONE. Or print them. But no one ever does that.

The point I am getting at is that the dollar gap is the greatest hoax ever sold to the American people. I have said that on the floor of the Senate ever since 1948.

Mr. JENNER. Perhaps the Senator does not have the figures but of the total export part of the great American economy, does not Canada, our neighbor to the north, with only a few million people, take 25 percent of it?

UNITED STATES BEST CUSTOMER IS CANADA

Mr. MALONE. Yes; and I will say to the distinguished Senator that only a few minutes ago I stated that if we have any trade future in the Western Hemisphere, the Western Hemisphere probably represents easily 75 percent of our profitable trade. Our unprofitable trade goes to Europe and Asia.

Mr. JENNER. In other words, our best customer is Canada?

Mr. MALONE. Our best customer is Canada; and the next best is South America.

Mr. JENNER. How do the reciprocal trade agreements work there?

Mr. MALONE. We do not pay much attention to them.

Mr. JENNER. The President has recently visited Canada in an effort to patch up some of the difficulties. What can the President of the United States do when this administration has recommended, and Congress passed only a few weeks ago, a bill to permit the Commodity Credit Corporation to have \$3½ billion to take our surplus grains and other commodities, mostly wheat and cotton—and in the case of Canada it is wheat—and give them away to the Communist nations, to Poland, Yugoslavia, neutralist India, and other countries throughout the globe?

Does the Senator believe that when we give those commodities to the countries I have mentioned, at the cost of the American taxpayers, they will turn around and buy wheat from Canada? That is the only exportable item Canada has. That is the life blood of her economy, and this Government is destroying our neighbor and best customer by such a silly policy. I wonder what the President did about that situation in Canada.

Mr. MALONE. I hope he became better acquainted with the facts, and understands the situation better.

Mr. JENNER. We may have to send some money to Canada.

Mr. MALONE. That would be logical. We must send it somewhere. The Canadians are more nearly like us than any other people. If we are to send it anywhere, that is a good place to send it.

SALES OF UNITED STATES GRAIN AT WORLD PRICE
TURNING FOREIGN FRIENDS INTO ENEMIES

I have supported the policies of Mr. Benson, the Secretary of Agriculture. I like the man personally. I like his policies, so far as they go. He is the only one in the administration who shows any signs of "getting down out of the tree." I told him I would support his Soil Bank proposal. It could not work, but I told him I would make a deal with him. I would support it on the basis that he would not try to sell it to me. At least, he was trying to "get down out of the tree." The plan could not work.

Secretary Benson invited a few Senators to breakfast one morning. He said, "The trouble is that when I sell this grain at the world price I make enemies of the nations which have been friendly with America." That is what the distinguished Senator from Indiana was talking about.

THINKING OF AMERICAN PEOPLE IN ADVANCE
OF THAT OF CONGRESS

I came here in 1947, along with the distinguished Senator from Indiana. I still thought facts and argument might have some effect on national policy. I believe they will before long, because I think today the people of the United States are 10 years ahead of the Congress, and when they fully realize what the Congress has done to them in 24 years they will move on this body without even waiting for an election.

Mr. JENNER. I believe the Senator has made a correct statement. If the American people had some channel of communication or some means of news by which they could find out the truth,

they would pick up their shotguns and start toward Washington tomorrow.

CANADIANS PRAISED FOR STANDING UP FOR CANADA

Mr. MALONE. I should not be a bit surprised.

Let me tell the Senator what Canada is doing. The Canadians are smarter than we are. In the 12 years during which the Senator and I have been Members of this body, the Canadians have boosted the value of their dollar above that of the American dollar. We talk about underdeveloped nations, and people to whom we are going to give our money. The Canadians are smarter than we are. They are for Canada.

In this country there is a penalty imposed on anyone who is in favor of the United States of America.

Mr. JENNER. Oh, yes.

U. S. NEED IS LEADERS WHO ARE FOR HELPING UNITED STATES

Mr. MALONE. Khrushchev's one serious fault, apparently, is that he is for Russia. Churchill has always been for England. We need to develop a few people who will be for helping the United States, and for the United States.

In 1947 or 1948 I was invited to give a talk at a National Mining Organization Convention in Toronto. It was before we had adopted the Marshall plan but at a time when we were discussing it. Therefore, it must have been in 1948, if I remember. I knew that in Toronto I was among my own kind of people. I still believe that Canadians are as near to our kind of people as it is possible for a people to be. There is a little extra French blood there, but the Senator from Indiana and I, who served in World War I, know that that has never hurt anyone. The Canadians are good people. I thought I would have a little fun with them. I soon found out, however, that their sense of humor was not quite like ours. I said to the 1,500 people or so assembled at that convention, "You have a little more sense than we have in the United States, because you give your prospectors and miners \$7.50 for every ounce of gold, as a bonus, and then sell it to us in the United States for \$35 an ounce." That did not get a laugh.

I tried again. I said, "We are now considering the Marshall plan. England wants to buy wheat, but you are much smarter than we are, because you will not sell England your wheat until the Marshall plan has been put into effect and we give England the money, so that England will be able to buy your wheat."

Well, Mr. President, that did not get a laugh either. I saw the icicles on the chandeliers getting longer, and I thought I had better start again.

CANADIAN POLICY PAYING OFF FOR CANADA

At any rate, the Canadian policy is paying off. I do not know what the value of the American dollar is today, the exchange on it changes from day to day, but now the Canadian dollar is worth 5 cents more than our dollar. That means Canada has an advantage of 5 percent. That has happened since World War II. In other words, we are destroying our currency under the

policy we are following, and the Canadians are building theirs up.

ALL TRADE AGREEMENTS CONTAIN PROVISIONS BY WHICH FOREIGN COUNTRIES CAN EVADE COMPLIANCE

I have referred to this in general terms many times, and I should now like to state it specifically. No country in the world ever keeps its trade agreements with us, because each trade agreement a country enters into with us contains a provision that so long as it can show it is short on dollar payments, it need not keep the contract or agreement with us.

The foreign nations impose tariffs and import permits and exchange permits, and all nations except 2 or 3 manipulate the value of their money in terms of the dollar. They raise its value to more than it is worth on the exchanges. They manipulate it for trade advantages. It is impossible, therefore, to ship to another country any commodity which it manufactures commercially. For example, it takes 55 percent of the value of an American automobile to get it into England. Yet England is always on our necks for more free trade.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield.

Mr. JENNER. I think it is a disgrace that a man who knows the subject as well as the Senator from Nevada knows it, and who has spent his time studying it, must stand on the floor and speak to a practically empty Senate, and to an almost empty Press Gallery. It is a national disgrace that men who walk up to the bar in the Senate, hold up their hand and take an oath to support the Constitution of the United States will spend days trying to wiggle, like a worm, to find excuses for violating that solemn oath.

The Senator from Nevada knows that when he took the oath to become a Senator of the United States, he said he would support the Constitution of the United States. And he knows that article I, section 8, of the Constitution provides that it is the responsibility of every Senator, as a Member of Congress, to regulate the trade and tariffs and imports and duties of this country.

Mr. MALONE. If I may interrupt at that point—

Mr. JENNER. I ask the Senator to let me proceed for another moment, so that I may finish my thought on this point.

Congress created the Tariff Commission, because Congress could not take care of the details of tariff legislation. Now Senators try to justify breaking their oath of office. They have gone even further by giving away their responsibility to the President, or the Chief Executive. He, in turn, has gone one step further. He has turned it over to GATT, to which 37 nations belong, and in which we have only 1 vote. It is a national disgrace that men will stand up in the Senate and try to justify the means by which they have violated their solemn trust and oath.

Mr. MALONE. I should like to call the Senator's attention to the fact that there are 12 Senators on the floor at the

present time. That is twice as many as I have seen on the floor since the debate began.

Mr. JENNER. They are apparently becoming tired.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield to the Senator from Arizona.

Mr. GOLDWATER. I should like to comment on the remarks of the distinguished Senator from Indiana with relation to the absenteeism on the floor at the present time. I remind the Senator that yesterday when the Senate was asked to vote on the measure, to make the act a permanent one, 84 Senators said "No" and only 4 Senators said "Yes."

Perhaps they are making up their minds that we have been wrong for 24 years. I am eager to see how the Senators will vote when they have an opportunity to express themselves to their constituents on the value of this act to the United States and to the world.

Mr. JENNER. Their constituents do not know anything about it. We have no way of communicating with them. They do not know what is going on.

Mr. GOLDWATER. They are finding out somehow what is going on in Washington, because I am getting a great deal of mail on the subject.

Mr. JENNER. I do not know how that can be. I read the newspapers. This morning, for example, I did not read a word about this debate in any of the newspapers. I do not know where the people are getting their information.

Mr. GOLDWATER. Now that the Goldfine hearings are over, and the Federal Government is assuming the position of an international "Goldfine," maybe we can get the information to the people.

Mr. JENNER. I do not know why the Senator assumes that at all, when it has not been so in years.

Mr. GOLDWATER. The junior Senator from Arizona is blessed in the fact that he lives in the Far West, where the news filters through the rarified air of Washington. So far as Washington is concerned, one must wait for his hometown newspapers to find out what is going on in Washington.

Mr. JENNER. That is where I am blessed, too, because I believe my State has the greatest press in all the world.

Mr. GOLDWATER. Mr. President, will the Senator yield further?

Mr. MALONE. First, I should like to say that our people in Nevada know about these things.

Mr. JENNER. The Senator must have told them.

NEVADANS ALERT TO MENACE OF 1934 TRADE ACT

Mr. MALONE. Yes; I have been telling them about it. They thought at first that I was mistaken, because of what all the newspapers and all the leaders of our party were saying. I have made them listen after nearly 12 years of debate in the Senate, and after debating with my own people in Nevada. They used to say: "Look at the employment. Look at the employment we have and the prosperity we have. We are paying dividends to everyone."

Of course, the national debt was rising at least once a year, and sometimes twice a year. We have raised it by \$4 billion or \$5 billion since then. The money has been spread out among us, to make it possible for the people to buy. It is like the story of the little grocery store owner down the street who went to his banker for a loan, so that he could spread out. Of course, the banker pressed a little button and called the police. He knew the man was crazy, but he did not know how crazy he was, or whether he was dangerous. That is how it has been happening.

EFFECTS OF TRADE ACT ILLUSTRATED BY LAYOFFS
OF TITANIUM WORKERS AND MINE SHUT-
DOWNS

Titanium has been shipped into this country by Japan. As a result, 500 workers have been laid off in my State. They had their own little homes, with carpets on the floor. Now they cannot even sell their houses.

Mr. JENNER. Oriental rugs?

Mr. MALONE. No, they had to pay for their carpets. In Lincoln County all the mines are shut down. The people there had been paying off the loans on their houses under the wonderful plan Congress had provided for them. Now they have no jobs. Now they cannot even sell their houses. In Humboldt County the same thing is true. Do Senators know what those people are saying now? They are saying, "That dumb Irishman must know what he is talking about."

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. GOLDWATER. What the Senator has been saying about the State of Nevada is true to a lesser extent in the State of Arizona. It has been happening to a lesser extent in my State, and to a greater extent in other parts of the United States. That brings up an interesting question. We have had this so-called Reciprocal Trade Act for over 24 years. It has not increased foreign trade at all in that period of time, according to the testimony I have heard this morning from the distinguished Senator from Nevada.

Mr. MALONE. It has not increased profitable trade, which is the only trade in which we ought to be interested.

Mr. GOLDWATER. It is the only kind of trade in which anybody is interested.

Mr. MALONE. The taxpayers are making up the difference between the profitable and the giveaway unprofitable trade.

Mr. GOLDWATER. Am I not right in saying that we have three alternatives in this endeavor to protect American industry: We can resort to the constitutional process of adjusting tariffs and quotas; we can create subsidies, as we have been doing; or we can simply let the producers go broke. Am I right in that assumption?

FOREIGN-AID FREE-TRADE SQUEEZE ON TAXPAYERS
TRYING THEIR ENDURANCE

Mr. MALONE. That is correct. I think we have just about taken the last squeeze out of the taxpayers. They are getting very tired of such procedure.

Small business is going broke right and left.

Mr. GOLDWATER. I am glad the Senator has mentioned that, because I intended to come to that point. I think this is a very serious part of the whole discussion, one at which the American people in particular should look, and about which Members of Congress should be increasingly concerned. If we are to ignore our constitutional responsibility and stop protecting American industry by means of tariffs and quotas, but still do not want to see American industry go broke, then we are left with the only other alternative, which is in the form of subsidies.

I recall to the Senator's mind the fact that only a few days ago the Senate passed a subsidy bill—I do not like to call it that, but that is the only word which seems to fit—which requires the payment of \$350 million for the support of the minerals industry during the next 5 years. Still, we touched on only 3 or 4 or 5 minerals in that bill.

Does the Senator think there is enough money in the United States to subsidize every industry which has a perfectly legitimate and normal right to ask to come under a subsidy programs?

WAR REMEDY FOR EASING UNEMPLOYMENT
DEPLORED

Mr. MALONE. We have started something which will stop of itself, because it will simply play out. We have been deliberately putting our workers on the street, taking their legitimate jobs away from them, and putting them in national defense jobs or in the Army.

If we can work up another nice war—it would be the fourth in the past 39 years—then we might be able to send enough of the boys to war, to ease the unemployment situation. That was what happened in World War II; 8,500,000 persons were walking the streets until World War II was started for the purpose of easing unemployment.

Mr. GOLDWATER. We have heard much about what the opposition party did to get this country out of the depression. I am glad the Senator from Nevada has mentioned that.

Mr. MALONE. A war was started to get the country out of a depression.

Mr. GOLDWATER. Why was it necessary to get into a war to get out of a depression. Why was that? Because in 1932 we started—I hate to use the word "monkey" because it is not a proper word for this body, but I will use it anyway because people understand it—we started to monkey around with the law of supply and demand. We started to tamper with the constitutional process. We started to tell the American people, "We do not care what you are thinking. We here on the banks of the Potomac know better. Let us do it."

So the Government started programs which were designed to get industry out of trouble. Tax money was pumped into the pockets of the people. We heard talk about "spend and spend, and elect and elect."

But by 1939, after 7 years of such efforts, only 1 economic index had come back to the level of the economy of 1932.

In spite of that, Government officials still believe that we can play with the natural laws. The natural laws include the law of supply and demand. I suggest also that the natural laws govern this country, because this country was founded upon the concept that we were free because we were the free children of God. Having tampered with those laws, what are we faced with today?

The Senate had before it one bill which, I think, asked originally for \$2 billion. As I recall, the amount was reduced to something more than \$1 billion, after debate, to help areas of depression—depressed areas. What was proposed was not only to take business away from the prosperous sections of the country and to locate it in the depressed areas, but, in addition, to take tax money from the people in prosperous areas and pour it into the depressed areas.

How much money does the Senator believe would be required—if he can get his mind into that lofty region—to take care of the depressed areas of the United States?

Mr. MALONE. We are just about ready for that. There is not enough money in the world. Besides, no one would furnish it if he had it.

I may say something to the Senator from Arizona of which I know he is already cognizant. There are so many angles to this question, and it hits a person in various ways. It comes in through the doors. If you shut the doors, it comes in through the windows. If you shut the windows, it comes up through the cellar door.

Mr. GOLDWATER. And we get it on the television and radio, too.

MOVE TO MAKE FREE TRADE PERPETUAL RECEIVES
ONLY FOUR VOTES

Mr. MALONE. We get it on the television, on the radio, and in the newspapers. If we do not absorb it and believe it, I do not know how we evade it.

Consider, for example, the distinguished junior Senator from Pennsylvania [Mr. CLARK]. He is no doubt effervescent and overflowing with good will. He was born under this system; that is to say, he grew up under it. He has come to the Senate believing in it. He is a fine-looking young man, a man who has a great future. He believes in this philosophy. But he has not been here long enough to understand the meshes and the undercurrents.

He offered an amendment yesterday which would have simply done away with a limitation on this program. His proposal was to make it permanent. But he found, to his great chagrin and mortification, that he could get only three votes besides his own.

LAW OF SUPPLY AND DEMAND REPEALED IN
1933-34

So we know that although nobody wants such a program, no one has quite got the guts to face up to the issue today. We will vote over and over again to extend it. Why? Because the White House has the greatest lobby anybody ever saw on earth. It includes the Eric Johnstons, the Paul Hoffmans, and all the hangers-on whose jobs have been created under this system.

I realize that the distinguished Senator from Arizona has not served in the Senate so long as BILL JENNER and GEORGE MALONE. Perhaps he does not remember that the law of supply and demand was repealed in 1933 or 1934.

Mr. GOLDWATER. I am aware of that, because during that period, when I was not in the Air Force, I was trying to make a living at my own business. The most serious condition we had during that time was not from our competitors across the alley or across the street, but from our competitors in Washington, who were keeping back more and more of our earnings, to the total detriment of the entire economic system.

In my opinion, the greatest inflationary force which is at work in the country today is the continuing high income taxes. They will continue to go higher and higher, because there is a deficit of approximately \$3 billion this year, and we are looking blithely at a \$10 billion deficit next year.

I remind the Senate of this fact: In all the Communists have said since communism began, we have not heard any talk about destroying the Western World or America by military might. The Communists have talked about destroying America by ruining our economy.

If there is a faster way to do that than by the constant taxing of our incomes, such as we have seen going on in this country for the past 25 years, I do not know of any other way to do it. I think there is a greater danger to us in that field than in any of the efforts to communize the world.

Mr. MALONE. I think it is evident that we cannot compete with anyone in the world, because no other nation has as high a living standard as we have. Therefore, if we sell anything to a foreign nation, it must be at such a price that the difference between our cost and the world cost has to be made up by the taxpayers.

CONGRESS SINCE 1934 HAS FAILED AMERICAN WORKINGMEN AND INVESTORS

East of the Potomac there seems to be some kind of sound barrier through which no public sentiment penetrates. There is no penetration going on now, apparently, in view of the way we are spending the taxpayers' money at this session of Congress.

For 145 years, until 1934, under the Constitution of the United States, the Congress itself regulated duties or tariffs, or they were regulated through the Tariff Commission, an agent of Congress.

But now Congress has turned over to the Executive the authority to regulate tariffs. It is Congress which should be responsible for the fixing of tariffs, so as to make certain that the American workingman and investor receives the difference between the reasonable cost of production of American products and the cost of doing business in the chief competing nation on a like product.

NINETEEN HUNDRED AND THIRTY-FOUR TRADE ACT KEEPS WAGES IN FOREIGN COUNTRIES AT LOWEST LEVELS

The greatest free trade law in the world is the one which provides that when the standard of living in one country is approximately the same as that in another, automatically and immediately there will be free trade between

them. In that event, profits are not made by taking advantage of low-paid labor, and in that event there is no incentive to keep wages low.

Of course, the basis of a great deal of the unrest with which the Vice President met in South America is the low wage level of the common workingmen there, who receive wages far less than those received by workingmen in the United States.

Mr. GOLDWATER. Mr. President, at this point will the Senator from Nevada yield to me?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from Nevada yield to the Senator from Arizona?

Mr. MALONE. I yield.

Mr. GOLDWATER. Previously, we discussed whether the so-called Reciprocal Trade Agreements Act has accomplished anything for our country in the past 24 years or more. I wonder whether the distinguished Senator from Nevada, who has a broad knowledge of mining and mining engineering, and has traveled throughout South America, can tell me whether any increases in the wages paid the copper miners in South America have been comparable to the wage increases received by the copper miners of the United States?

I remind the Senator from Nevada that in his State, I believe, as in mine, the prevailing wage for such work is \$2.40 an hour, as compared to \$16 a month in Rhodesia and from \$2 to \$3 a day in South America. Have the copper miners in those countries received wage increases comparable to those received by the miners in our country?

FLEXIBLE TARIFF NECESSARY TO INCREASE COPPER PRODUCTION

Mr. MALONE. No.

Of course, the only way to increase the domestic production of copper would be to impose a tariff on copper imports, so that—just as in the case of all other imports—the tariff would represent the difference between the cost of production in foreign countries and the cost of production in the United States. In that event, inasmuch as all other countries are competing for the American market, when there was overproduction in this country, the least efficient producers would go out of business; and when there was insufficient production in the United States, there would be increased imports. That is the best system ever devised.

But the name "Reciprocal Trade Agreements Act" was devised by a previous administration, and the use of that name has been continued by this one, in an effort to "sell" to a gullible public the program under that act.

Mr. GOLDWATER. The Senator from Nevada has pointed out that in the competing countries, wages and the standard of living have not risen to the extent wages and the standard of living in the United States have risen; and the Senator from Nevada realizes, as do I, that the great bulk of the profits which have been made as a result of such imports to the United States, as made possible by the so-called Reciprocal Trade Agreement Act program, has gone into the pockets of those who operate the importing companies, and

to some extent has gone into the pockets of the governments of those countries, instead of being received by the workingmen there.

FREE-TRADE PROFITS GO TO FOREIGN DICTATORS, NOT TO WORKERS

Mr. MALONE. In fact, the profits have gone, not so much to the governments of those countries, as to the dictators there. After all, when our money goes into those countries, it is divided in three ways. Some of it is used to pay the workingmen; but, even today, they are paid wages which are pitifully low. A very large part of the money goes to the companies which are engaged in those businesses.

As a matter of fact, some of the finest American companies are doing business in other countries, almost all over the world. We cannot blame them for that, if Congress has no more gumption than to make such operations profitable.

Under this program, the wages received by the workingmen of those countries are held at very low levels, and the importing companies charge for their products what the traffic in the United States will bear. Then the great bulk of the profits is divided between the dictators of those countries and the companies which are engaged in that business.

DICTATORS PROFITS FROM FREE TRADE HIDDEN IN SWITZERLAND WHERE DEPOSITS NOT DISCLOSED

Of course the dictators never go hungry. Most of their money is deposited in banks in Switzerland, where bank deposits can be maintained under numbers, without disclosing the names of the persons concerned.

When the dictators retire—either voluntarily or involuntarily—if they are able to reach the borders of their countries, they are "fixed" for the rest of their lives, and continue to maintain their yachts and automobiles and palaces. But the United States has provided the money to begin with, and the profits have been taken out of the hides of the workingmen of those countries. I think that situation is now clear to all of us.

TARIFFS WILL EQUALIZE DOMESTIC AND FOREIGN COSTS IF TRADE ACT IS NOT RENEWED

Mr. President, on June 30 the 1934 Trade Agreements Act, as extended, expired. If Congress does not now take action to continue it, once notice is served on the Secretary General of the United Nations that the United States wishes to withdraw from the multilateral trade agreements, 60 days thereafter this authority will revert to our Tariff Commission, which then will proceed to fix the tariffs on the basis of fair and reasonable competition; and the tariffs so fixed will be sufficient to result in an equalization of the cost of production in the United States with the cost of production in the chief competing countries.

Similarly, in the case of the bilateral agreements, 180 days after such notification is given, the authority in those fields will revert to our Tariff Commission, and then the United States firms will be able to resume business operations. No Government officials in Washington will have anything whatever to do with these matters.

RETURN TO FAIR AND REASONABLE TARIFF SYSTEM WILL PUT END TO INFLUENCE PEDDLING

To require those who operate small companies in Arizona or Nevada to come to Washington, D. C., and humbly submit petitions in an effort to remain in business for another 60 or 90 days to various Government officials results in the greatest hoax in all the world.

We have seen what that system results in—the exercise of influence on officials who have the power of life or death over such companies.

Mr. GOLDWATER. Mr. President, the result of such influence is changing a little. It used to mean deep freezers, but today it means vicuna. So there is a somewhat higher level in that respect.

Mr. MALONE. But no sentiment in favor of the continued operation of American industries is ever allowed to influence the Government officials' decisions which affect industrial operations west of the Potomac and Hudson Rivers.

DEBT MOUNTS AS NATION'S MARKETS, WEALTH DIVIDED WITH THE WORLD

Mr. President, we have been told, and great organizations of our citizens have been told and taught for 24 years by the State Department—which admits that in nine-tenths of the cases when trouble develops, it does not know what is going on in the world—that once the markets of the United States are divided with the other nations of the world, and once the wealth of the taxpayers of the United States is divided with the other nations of the world, there will be peace; that is what we are told will be found at the end of the rainbow. Yet there is no peace.

For 2,000 years the world wars have been trade wars and every nation which ever attempted to embrace free trade has been involved in these wars to its great injury or destruction.

WARS AND DEBT MARK HISTORY OF FREE TRADE

Mr. President, the most costly war in blood and treasure this country has experienced came within 7 years after Congress enacted the 1934 Trade Agreements Act which Congress was told would assure the peace. Before this war our debt was negligible.

Now I want to show what our total debt on which the taxpayers of this Nation are paying interest, is today in the United States. The total Federal debt is \$301,700,000,000, of which \$274,900,000,000 is Federal Government debt and \$26,800,000,000 is Federal agency debt.

TRADE AGREEMENTS ACT LONG STEP TOWARD WORLD GOVERNMENT

The 1934 Trade Agreements Act, designed to divide the American markets among the nations of the world, is only one approach to a world government, with total dependence of the United States upon our potential enemies for the materials without which we cannot exist either in time of war or in time of peace. During peace, if we are dependent on foreign nations for certain materials, then we have to sign whatever they put before us in the way of treaties, or even a world government, eventually.

Mr. President, contrary to what some persons believe, the 1934 Trade Agreements Act has accomplished its objectives, because it was designed for a different purpose than what Congress was told it was designed for. It was sold to

this country as helping the United States of America; whereas its real purpose was and is to divide the wealth of this Nation among the nations of the world; and that it has done perfectly.

At the end of 24 years of the Trade Agreements Act we find ourselves on a war economy and we have been on a war economy now for 18 of those years. Right now we could not exist 60 days without the continuation of expenditures of national defense money.

TRADE ACT PART OF ECONOMIC AND POLITICAL PINCERS TO DESTROY NATION

So, then, let us see what this great 1934 Trade Agreements Act—laughingly called reciprocal trade—is made of. I will tell you, Mr. President, what it was a part of. It is a political and economic pincers to destroy this country, and we are nearer the edge right now than any of my colleagues seem to believe.

What were these economic and political pincers? First, in 1933, this Nation went off the gold standard, and our money was tied to nothing on earth. We started to print money, and we priced ourselves out of the markets of the world through inflation almost immediately. Then the 1934 Trade Agreements Act was enacted to divide, deliberately, the American market among the nations of the world.

GIFT LOANS, GATT DRAINING LIFEBLOOD FROM NATION'S ECONOMY

In 1946, \$3¾ billion were loaned to England. My colleagues know what a loan to England means. History should show what it amounts to. It amounts to a gift.

This was followed by the Marshall plan in 1948, which has become a permanent lien on the American taxpayers, by other names.

The 1947 General Agreement on Tariffs and Trade was a sitting down with a set of rules to let every nation out but us. No other nation keeps or attempts to keep the agreements it signs as to the tariffs it agrees to reduce, because the rules themselves permit the other nations to get out from under so long as they are short of dollar-balance payments, and they will always be short, until all the wealth of the world is divided equally.

Mr. President, as the result of the General Agreement on Tariffs and Trade, 36 nations sit in Geneva completing the job on us of the division of our markets.

In 1948 the Marshall plan extension divided the taxpayers' money.

UNITED STATES DESERTED TROOPS ABROAD THROUGH STATUS-OF-FORCES TREATY

There was a status-of-forces agreement, a part of the NATO Pact. Absolutely, Mr. President, we deserted our boys in the armed services. We desert them now the minute they leave our shores.

If our boys violate the law of another nation, they can be tried there. Those boys can be tried under the law of the foreign nation. In the Middle East, in some places, if a person steals a loaf of bread, the penalty is to cut his hand off; it does not make any difference what the reason is. We desert the boys the minute they leave our shores to go to a foreign war.

One of the boys violated a law in Iran. He is subject to the law of Iran now.

INTERDEPENDENCE SCHEME WOULD SACRIFICE NATION'S SOVEREIGNTY AND FREEDOM

All of these things add up to interdependence with all Europe. The Senate will remember that when the Prime Minister of England came here a few weeks ago, he talked about interdependence. Interdependence with whom? Is it interdependence with the small, broke nations of Europe? We do not need to be interdependent with anybody. What we need is to be independent. Then we would have a chance to defend nations such as the nations of old Europe if we saw fit to do so or if we thought our security would be threatened if they were threatened.

NATION'S DEBT NOW AT RECORD TOTAL OF \$852,700,000,000

Mr. President, I want to put into the RECORD figures on the debt of this country. I desire to complete this presentation.

The total Federal debt is \$301,700,000,000. Of that, \$274,900,000,000 is the debt of the Federal Government and \$26,800,000,000 is the debt of Federal agencies.

The total State debt is \$52,500,000,000, of which \$14,100,000,000 is the debt of State governments and \$38,400,000,000 is the debt of local governments.

The total private debt is \$498,500,000,000, of which \$276,600,000,000 is corporation debt and \$221,600,000,000 is debt of individuals and unincorporated enterprises.

The total debt of this Nation, upon which the taxpayers are paying interest, is \$852,700,000,000.

No nation can carry a debt like that. What are we doing? We are scattering our wealth all over the world, together with our markets, so that we are breaking small business and simply destroying the taxpayers of America.

FEDERAL PUBLIC DEBT FROM 1860 TO 1958 SHOWN

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement as to the Federal public debt from the year 1860 to the year 1958, as of January 31.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Federal public debt

Year	Amount	Per capita
1860.....	\$90,582,417.00	\$2.80
1865.....	2,677,929,012.00	75.01
1893.....	961,431,766.00	14.36
1913.....	1,193,047,745.00	11.99
1933.....	22,538,672,560.00	179.48
1941.....	48,961,443,536.00	367.09
1945.....	258,582,187,410.00	1,848.60
1947.....	258,286,383,109.00	1,792.05
1952.....	259,105,178,785.00	1,650.06
1956.....	272,750,813,649.00	1,622.64
1958, Jan. 31.....	274,554,825,744.39	1,587.28

ALL EUROPEAN WARS FOR MONOPOLY OF COMMERCE

Mr. MALONE. I read the following:

All the wars in Europe from the peace of Utrecht in 1713 until the outbreak of the continental war, were waged on behalf of monopolies of commerce, or, to be more accurate, monopolies of market, for success meant the exclusion of the beaten nation from the markets now secured by the victorious rival.

That is a quotation from An Economic Interpretation of History, by Thorold Rogers.

One of the great world-trade wars of history preceded and was a contributing factor to the American Revolution.

This was the Seven Years' War from 1755 to 1763, fought in what now is Germany, in both Americas, in India, and on the seven seas.

Great Britain declared it, alleging encroachments by the French in North America, the Caribbean, and in India. France, Spain, and Portugal participated, also the American colonies of the first three nations. We call it the French and Indian War. This war followed another world war from 1740-80 in which Austria, Prussia, France, Bavaria, England, and Holland and Bourbon possessions in Italy participated, and ultimately Russia, was fought by all parties on land, and by the French and English also at sea. England also carried on a separate trade war with Spain from 1739 to 1748 and tried to capture South America but failed. In the Seven Years' War, Britain won Canada, most of India, Florida—briefly—some Caribbean islands, and part of Africa. The American Colonies contributed money and troops in this conflict.

BRITAIN TRIED TO ASSESS COLONIES IN AMERICA TO PAY FOR WORLD TRADE WAR

When the war was over Britain owed heavy war debt, raised duties, tripling them in many cases, imposed a special stamp tax on the American Colonies, and sent naval forces to our coasts to collect duties and prevent smuggling from other and foreign colonies in the Americas. New revenue officers were appointed by the Crown who seized, indiscriminately, all ships engaged in trade between the British and Spanish colonies, and all other foreign ships engaged in trading with the American Colonies.

A new law in 1765 raised duties on commerce between the American colonies and other European colonies so far above their strength to bear, as to render it contraband to all intents and purposes. In addition the King ordered that all revenues from these duties be paid, not to the colonies, but to the British Exchequer, meanwhile prohibiting the colonial bills of credit from being made legal tender by the colonies. Thus, the colonies were drained of the little ready money which might be still remaining in the colonies.

TRADE WARS AFFECTING AMERICAN COLONIES BEFORE REVOLUTION LISTED

According to Thorold Rogers in his "An Economic Interpretation of History," the following were all trade wars. I ask unanimous consent to have the statement printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

European wars involving colonies 1689 to 1763

	European name	Colonial name
1689-97	War of the League of Augsburg.	King William's War.
1702-13	War of the Spanish Succession.	Queen Anne's War.
1739-43	War of Jenkin's Ear...	War Between England and Spain.
1743-48	King George's War...	War of Austrian Succession.
1755-63	7 Years' War.....	French-Indian War.

In 1776 we declared our independence of old Europe's trade wars.

WARS, INSURRECTIONS, AND REBELLIONS INVOLVING EUROPEAN POWERS 1792 TO 1914

I have before me a list of old world wars, insurrections, armed invasions and conflicts from 1792 to World War I, 1914, and rebellions against old world powers. There were 133 such trade conflicts between the nations of Europe and people in other parts of the world. I ask unanimous consent to have the list of wars printed in the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

OLD WORLD WARS, INSURRECTIONS, ARMED INVASIONS, AND CONFLICTS FROM 1792 TO WORLD WAR I, AND REBELLIONS AGAINST OLD WORLD POWERS

1. 1792-97: War of first coalition against France. Austria, Prussia, Great Britain, Holland, Spain, Sardinia, Holy Roman Empire against France.
2. 1797: War of France against Republic of Venice.
3. 1798-99: French invasion of Egypt, Syria, accompanied by Turkish declaration of war on France.
4. 1798-1802: War of second coalition against France. Britain, Russia, Austria, Naples, Portugal, Turkey against France.
5. 1801: British attack on Denmark.
6. 1805: War of the third coalition against France. England, Austria, Russia, Sweden against France. Spain allied with France. Prussia at first neutral and friendly to France.
7. 1806-7: War of France against Prussia and Russia.
8. 1806-9: War of England against Turkey.
9. 1806-12: War of Russia against Turkey.
10. 1810: War between Sweden and Denmark.
11. 1808: War of Russia against Sweden, following revolution in the latter.
12. 1810: War declared by Sweden against England.
13. 1812: French invasion of Russia.
14. 1815: Swedish war against Norway.
15. 1815: War of the One Hundred Days against Napoleon. Austria, England, Prussia, Russia against France.
16. 1810-20: Revolt of Spanish colonies in America from Spain.
17. 1821: Insurrection of Piedmont against Austria.
18. 1821-27: Revolt of Greece against Turkey. War of independence.
19. 1822: Revolution in Spain against Ferdinand VII.
20. 1824-26: First Burmese war against Britain.
21. 1825: Revolt of Javanese against Dutch.
22. 1826-28: War of Russia against Persia.
23. 1827: Naval war of England, Russia, and France against Turkey.
24. 1828: Russian-Turkey war.
25. 1824-27: First Ashanti war on African Gold Coast against Britain.
26. 1830: Revolution in France against Charles X.
27. 1830: Revolution in Belgium against union with Holland.
28. 1830-31: First Polish revolt against Russia.
29. 1830: French invasion of Algiers.
30. 1831: Insurrection in Italian Papal States.
31. 1828-34: Civil war in Portugal.
32. 1832-33: First Turkish-Egyptian war.
33. 1834-39: Civil war in Spain.
34. 1835-37: Second French-Algerian war.
35. 1935-40: Boer-Zulu war.
36. 1839-40: Second Turkish-Egyptian war with Russia, Austria, France, England and Prussia intervening.

37. 1839-42: First opium war of England against China.

38. 1839-42: First British-Afghan war.
39. 1840-41: Third French-Algerian war.
40. 1842: British-Boer conflict in Natal, Africa.
41. 1844: French invasion of Morocco.
42. 1846-47: First British war on Kaffirs.
43. 1848: Revolution in France and proclamation of republic.
44. 1848: Insurrection in Venice against Austrian domination.
45. 1848-49: War between Austria and Piedmont.
46. 1848: Revolution in Vienna.
47. 1848: Revolution in Hungary.
48. 1848: Revolution in Bohemia.
49. 1848: Insurrection in Lombardy against Austrian rule.
50. 1848: Revolution in Berlin.
51. 1849: War between Austria and Hungary.
52. 1849: War between Prussia and Denmark.
53. 1850-53: Second Kaffir war against Britain.
54. 1852-53: Second Burmese war against Britain.
55. 1854-56: Crimean war. England, France, Austria, Prussia, and Piedmont allied with Turkey against Russia.
56. 1857-58: Second Opium war. England and France against China.
57. 1858: French-Spanish invasion of Indochina.
58. 1857-58: Great Sepoy rebellion in India against British.
59. 1859: War of France and Piedmont against Austria.
60. 1860: War between Piedmont and Kingdom of Naples.
61. 1863. Second revolution of Poland against Russia.
62. 1864: War of Prussia and Austria against Denmark.
63. 1866: Seven Weeks War. Prussia and Italy against Austria.
64. 1863-67: French invasion of Mexico.
65. 1860-61: Insurrection in Syria against Turks. French intervention.
66. 1870-71: Franco-Prussian War.
67. 1865-66: War of Boers against Basutos.
68. 1866-68: Cretan insurrection against Greece.
69. 1867-68: War of Orange Free State against Basutos.
70. 1867: Insurrection in Indochina against French.
71. 1868: British assault on Ethiopia.
72. 1873-74: Second British war against Ashanti.
73. 1875: Bulgaria, Bosnia, Herzegovina revolt against Turkey.
74. 1875: Insurrection in Malaya against British.
75. 1875-78: Egyptian-Ethiopian war.
76. 1875: Serbo-Montegrin war against Turkey.
77. 1877-78: Russian-Turkish war.
78. 1879: First British-Afghan war.
79. 1879: First Zulu war against British.
80. 1880-1881: Revolt of Transvaal Boers against British.
81. 1878: Insurrection in Crete against Turkey.
82. 1881: French invasion of Tunis.
83. 1882: British invasion of Egypt.
84. 1882: Insurrection in Indochina against France.
85. 1883-1885: First French war on Madagascar.
86. 1885: Third British war against Burmese.
87. 1885-86: British war on Nyasaland.
88. 1885-86: French war on Mandingos.
89. 1885: Serbo-Bulgarian war.
90. 1887-89: First Italian war on Ethiopians.
91. 1888-89: Insurrection in East Africa against Germans.
92. 1890: French war on Damoney.

93. 1891-93: Wahehe war against Germany in East Africa.
94. 1892: Insurrection in Congo against Belgium.
95. 1892: Second French war against Dahomey.
96. 1893: Insurrection in Ethiopia against Italians.
97. 1893: French war against Tuaregs.
98. 1893: Third Ashanti war against British.
99. 1894-96: Second Madagascar war with French.
100. 1895-99: Rebellion in Mozambique against Portuguese.
101. 1894-95: Sino-Japanese War.
102. 1896-97: Cretan Insurrection against Turkey incited by Greeks.
103. 1895-98: Fourth Ashanti War against British.
104. 1897: Greek-Turkish War.
105. 1895-1896: Italian-Ethiopian War.
106. 1897: German armed seizure of Kiaochow in China.
107. 1896: Insurrection of Bagetelas against Belgians.
108. 1896: Insurrection of Rhodesians against Britain.
109. 1898: French wars against Mandingo.
110. 1898: British conquest of Sudan.
111. 1896: British assault on Zanzibar.
112. 1899-1902: South African Boer War against British.
113. 1897-1898: Insurrection in Uganda against British.
114. 1900-1901: Insurrection of Ashantis against Britain.
115. 1902: Great insurrection in Angola against Portuguese.
116. 1904: Insurrection of Ekumekos in Nigeria against British.
117. 1904-1905: Insurrection in Cameroons.
118. 1905: Insurrection in French Congo.
119. 1905: Insurrection in Angola.
120. 1905: Insurrection in German East Africa.
121. 1904: Great insurrection in German Southwest Africa.
122. 1904-1905: Russo-Japanese War.
123. 1907: Subjugation of North Sumatra by Dutch after long warfare with Achinese.
124. 1908-09: French conquest of Muaretania.
125. 1909-11: French conquest of Wadai.
126. 1907: Insurrection in Angola.
127. 1911: Tripolitan War between Italy and Turkey.
128. 1900-01: Chinese Boxer Rebellion against foreigners. Twelve powers involved.
129. 1907: Insurrection of Riff tribesmen against Spain.
130. 1912: First Balkan War. Bulgaria, Serbia, Greece against Turkey.
131. 1913: Second Balkan War. Bulgaria against Greece, Serbia; later Turkey and Rumania against Bulgaria.
132. 1913: Serb invasion of Albania.
133. 1914: Outbreak of World War I.

BOTH COLD AND HOT WARS TODAY TRADE WARS

Mr. MALONE. I close by saying that for 2,000 years there have been trade wars, small or large in accordance with the number of nations involved. The trade war now is greater than ever. That is what we are fighting today, Mr. President; we are fighting a trade war. Therefore, instead of extending the 1934 Trade Agreements Act, which divides our market with the nations of the world and encourages more trade wars, we should let the act expire.

Already we have priced ourselves out of the markets through inflation, except where we add a subsidy to the cost of production.

RETURN TO CONSTITUTION URGED

Let us get back to the Constitution of the United States, article I, section 8

which provides that Congress shall regulate foreign trade.

Let us get back to the 1930 Tariff Act, which provides, in effect, that the Tariff Commission, an agent of Congress, shall determine the cost of producing an article in this country and the cost of producing that article or a like article in the chief competing country, and that the difference in cost becomes the tariff automatically.

Under that act, every week or every month or every year, or every 10 years, or whenever the Tariff Commission, the agent of Congress finds that there has been a change in the relationship between our country and the chief competing nation with respect to any product, it may reexamine the situation and determine the difference. If the other nation has raised its standard of living in relation to our standard of living, then the tariff goes down to that extent. If and when the other nation is living about as we are, free trade is immediate and automatic. That is the best kind of free trade law the United States could ever have.

HALT DESTRUCTIVE TRADE AGREEMENTS WITH OTHER COUNTRIES OR THROUGH GATT

We should revert to that 1930 Tariff Act. The 1934 Trade Act expired on June 30, 1958.

We should not make bilateral trade agreements through the State Department, or multilateral agreements through GATT, which consists of 37 nations, of which we are one, and where we have only 1 vote. Since June 30, when the 1934 Trade Agreements Act expired, no further agreements of that kind can be entered into.

On 30 days' notice to a nation under a unilateral agreement, the determination of tariff duties on all products reverts to the Tariff Commission. On 60 days notice to the Secretary General of the United Nations, the determination of duties on all products covered by multilateral trade agreements reverts to the Tariff Commission. The duties on all those products would then be regulated on that basis.

On 180 days' notice to the nations which have bilateral trade agreements with us, the fixing of duties on all products covered by such trade agreements reverts to the Tariff Commission. When that is done, the workingmen and investors of this Nation will be back in business.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. LONG. Much has been said in the Senate in support of the idea of simply giving away American industries. It has been said that this action was necessary to enable other nations to ship things to us, in order that we could pay for things we wanted to buy from them, to pay for things they want to sell us, and vice versa.

If the whole purpose of the act is to enable other nations to get dollars so as to pay for the things they would like to buy from us, I think those who advance that argument would be interested in a chart which appears on page 89 of the hearings.

The chart shows there is no dollar gap, at least, so far as the countries lacking dollars to buy from us are concerned. It is the other way around.

When I first came to the Senate, it was said that we had to give away our money to Western Europe, because there was a dollar gap. The table will show that for a few years—about three—there was a dollar gap. In other words, we were apparently taking in from other countries more dollars than they were taking in from us. But, as the chart demonstrates, that was only a brief, three-year period.

If we consider all the gifts and giveaways, in addition to the tourist money which is spent abroad, the table indicates that in every year since 1949 the dollar balance has been favorable to the foreign nations, and that our gold reserves have been declining. I believe the last estimate was that our gold reserves have declined to \$22 billion. Our friends abroad have a right to claim \$11 billion or \$12 billion of that.

Mr. MALONE. It is \$16 billion or \$17 billion.

Mr. LONG. Does the Senator refer to a \$16 billion or \$17 billion balance?

UNITED STATES GOLD RESERVES DWINDLE PERILOUSLY

Mr. MALONE. Sixteen or 17 billion dollars are held by foreign nations or individuals, and this can be converted into balances of foreign nations, which, in turn, can be presented to our Treasury with a demand made for gold, under our long-established policy. If all the demands were presented, the Chairman of the Federal Reserve Board, Mr. Martin, and former Secretary of the Treasury Humphrey, under my cross examination, testified that the United States would have about \$5,700 million worth of gold left.

FOREIGN DEMANDS ON GOLD SUPPLY COULD WRECK NATION'S FINANCES

They further testified that the United States could refuse to honor these demands. They hastened to say that. But I asked both of them what would happen to our currency on the international exchanges if we did that. They said our currency would be destroyed on the international market.

Then I asked Mr. Martin what effect that would have on our economy. He said it would probably cause a very severe depression.

I am glad the Senator from Louisiana has mentioned the dollar shortage, because the theory of the dollar shortage is the greatest hoax that was ever sold to the Nation. It was sold through the propaganda of foreign nations right after General Marshall made his famous speech at Harvard. I do not think he had any idea his speech would be famous. I do not think he even knew that that particular paragraph was in his speech. But the Prime Minister of Great Britain knew it, took it on the first bounce, and told us within 30 days what it would cost us.

FOREIGN NATIONS CREATE OWN "DOLLAR SHORTAGE"

In 1948 I put a table into the CONGRESSIONAL RECORD. It was a carefully worked out table. No one ever disputed

it. It showed that every nation in Europe, except Austria and Germany, which we were deliberately holding down, had by then at least ninety percent recovered from any trade loss they had sustained prior to World War II. In a very short time they were on a 100 percent basis.

So there was no dollar shortage at all, except that they were spending more than they earned each year, and many of the foreign countries fixed the prices on their own interest terms.

Mr. LONG. The Senator has heard the statement to the effect that, after all, even though the foreign countries have so many of our dollars that they could empty Fort Knox, the way things stand now, that should not concern us because they are not making a demand on us for payment. But once the word gets around that Uncle Sam does not have enough gold to make good the dollar demands, what will happen?

Mr. MALONE. There will be a run on the bank.

Mr. LONG. But the bank cannot pay off if all the creditors demand payment at the same time.

Mr. MALONE. I have been very much interested in the distinguished junior Senator from Louisiana ever since his arrival here, because he has a habit of listening carefully to the debates. While we have not always agreed on every question, we have been very close.

RUSSIAN GOLD THREAT TO WORLD CURRENCIES

I asked another question of Mr. Martin, the chairman of the Federal Reserve Board, who can manipulate the currency at will. There is no need to go into that; that is a matter of record. But I visited Russia and traveled 14,000 miles within that country. Bulganin and Khrushchev turned me loose. I guess they thought I was a hopeless case. I visited plants being built along the entire length of the Volga River. I traveled 1,000 miles behind the Ural Mountains. The Ural Mountains will drive an engineer nuts, because they are one of the greatest mineralized areas in the world. The manufacturing plants of the region are really operating.

After we had established the amount of gold we could call our own, I asked Mr. Martin, "Do you know what I think the real Russian threat is?"

He answered, "No."

I said, "It is the gold ruble. Inside of 2 years, possibly, the ruble will be put on the gold standard. If Russia puts the ruble on the gold standard, and they have the gold, what will happen to our currency with no gold behind it?"

He replied, "I shudder to think."

UNITED STATES CLOSE TO OWN DOLLAR SHORTAGE

I said, "Start shuddering, because that is going to happen just as surely as God made little, green, sour apples. That is what will happen. Then the ruble will be the currency of the world, not the dollar. Then the foreign nations will demand gold from us."

Mr. LONG. It is a sad day, indeed, when people are sold on the idea of stripping from American industry what little protection it may need to survive on the basis of the argument that foreign countries do not have dollars with which to pay, when the United States

does not have enough gold to pay for the dollars we are holding now.

Mr. MALONE. We are close to a dollar shortage, but we have not wakened up to the fact.

Mr. BIBLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BIBLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 6282) for the relief of the former shareholders and debenture noteholders of the Goshen Veneer Co., an Indiana corporation; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. LANE, Mr. DONOHUE, and Mr. POFF were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11645) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1959, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 4, 20, 34, 35, 49, 55, and 59 to the bill, and concurred therein, and that the House receded from its disagreement to the amendments of the Senate numbered 5, 40, and 50 to the bill, and concurred therein severally with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed a bill (H. R. 13366) to provide for the advancement of Maj. Gen. Claire L. Chennault, United States Air Force, retired, to the grade of lieutenant general on the retired list, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 4229) for the relief of Continental Hosiery Mills, Inc., of Henderson, N. C., successor to Continental Hosiery Co., of Henderson, N. C., and it was signed by the Vice President.

ADVANCEMENT OF MAJ. GEN. CLAIRE L. CHENNAULT TO THE GRADE OF LIEUTENANT GENERAL ON THE RETIRED LIST

The PRESIDING OFFICER laid before the Senate the bill (H. R. 13366) to provide for the advancement of Maj. Gen.

Claire L. Chennault, United States Air Force, retired, to the grade of lieutenant general on the retired list, which was read twice by title.

Mr. ELLENDER. Mr. President, I ask unanimous consent, that the pending business be temporarily laid aside and that the Senate proceed to the consideration of H. R. 13366, the bill to provide for the advancement of General Chennault.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

There being no objection, the Senate proceeded to consider the bill.

Mr. ELLENDER. Mr. President, the House of Representatives has just passed this bill, which would advance Maj. Gen. Claire L. Chennault to the rank of lieutenant general on the retirement list. As most Senators know, General Chennault is gravely ill, hence the urgency for immediate consideration of the bill. I have consulted with the members of the Committee on Armed Services and with the minority and majority leaders. I have been informed there is no objection to the immediate consideration of the bill, thus eliminating the need for committee consideration and perhaps unnecessary procedural delay.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a short summary of General Chennault's activities in the service of his country.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

Claire L. Chennault was born in Commerce, Tex., on September 6, 1890. He attended Louisiana State University and Louisiana State Normal College. He was commissioned a first lieutenant in the Infantry Reserve on November 27, 1917, and transferred to the Aviation Section, Signal Corps Reserve, on that same date, where he served through the World War. He was honorably discharged on April 16, 1920, and was commissioned in the Air Service of the Regular Army as a first lieutenant on July 1, 1920.

Thereafter he was assigned to Gerstner Field, La., as assistant supply officer. At his next station, Ellington Field, Tex., he served in various capacities from October 1920 to June 1922. Upon his transfer to Fort Bliss, Tex., he served with the 12th Observation Squadron, and performed, among other duties, those of engineering officer until September 1923. Following his transfer to the Hawaiian Department, he served at Wheeler Field for 2 months and the remainder of his tour of nearly 3 years at Luke Field, where he commanded the 19th Pursuit Squadron for 2 years and 4 months.

Following his return to the United States, he was assigned to duty at the Air Service Primary Flying School at Brooks Field, Tex., where he was a flying instructor for 2 years and director of flying until August 1930, when he was assigned as a student in the Air Corps Tactical School at Langley Field, Va. His graduation in June of the following year was followed by his detail as instructor at this school, which was moved that summer to Maxwell Field, Ala. In addition to his duties as instructor, he served as Chief of the Pursuit Section of the school for 7 months and as a member of the Air Corps Board which functioned at that field.

He went to China shortly after the outbreak of the Sino-Japanese War to train pursuit units of the Chinese Air Force. In the summer of 1941, he was made a brigadier

general in the Chinese Air Force and placed in charge of recruiting the American Volunteer Group of pursuit pilots (later known as the Flying Tigers) for service with the Chinese. He was recalled to active duty in the United States Army on April 15, 1942. In July 1942 he became commanding general of the United States Air Forces in China. He was named to command the Fourteenth Air Force in China in March 1943.

He was relieved from his assignment overseas in July 1945 and, having returned to the United States, was assigned to Headquarters, Army Air Forces, Washington, D. C.

He reverted to retired status on October 31, 1945.

General Chennault has been awarded the Distinguished Service Medal with one Oak Leaf Cluster, the Distinguished Flying Cross, the Chinese Order of the Celestial Banner, Third Class, and the Order of the British Empire.

Mr. ELLENDER. Mr. President, I wish to say that General Chennault has had a brilliant military career. His duties have been performed under unique and exceptional conditions which did not fall within the normal purview of military operations. The promotion to the next higher rank under the proposed legislation carries with it no perquisites, but it does acknowledge the respect and admiration of a grateful nation to a soldier and airman with unusual capabilities, who has served his country with dignity, courage and honor.

I urge the Senate to approve the bill quickly.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H. R. 13366) was ordered to a third reading, read the third time, and passed.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. JENNER obtained the floor.

Mr. JOHNSON of Texas. Mr. President, will the distinguished Senator from Indiana yield to me so that I may suggest the absence of a quorum and propound a unanimous-consent request, with the understanding that the Senator from Indiana will retain his right to the floor?

Mr. JENNER. I ask unanimous consent, Mr. President, that I may yield to the Senator from Texas for the purpose of suggesting the absence of a quorum and propounding a unanimous-consent request without losing my right to the floor.

The PRESIDING OFFICER (Mr. JORDAN in the chair). Is there objection to the request of the Senator from Indiana? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. JORDAN in the chair). Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, on behalf of the distinguished minority leader and myself I send to the desk a proposed unanimous-consent agreement and ask that it be read.

The PRESIDING OFFICER. The clerk will read the proposed unanimous-consent agreement.

The legislative clerk read as follows:

Ordered, That, effective on Tuesday, July 22, 1958, at the conclusion of routine morning business, during the further consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 4 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas?

Mr. BUSH. Mr. President, reserving the right to object, will the distinguished majority leader indicate to us what the plan of operation will be if this agreement is entered into?

Mr. JOHNSON of Texas. It is expected that the Senate will continue the discussion of the trade bill until approximately 4 o'clock, and then we shall ask that it be laid aside temporarily in order that the Senate may take up the Defense Reorganization bill and consider it this afternoon, and perhaps this evening, in the hope of disposing of it today. We would not expect to have any yea-and-nay votes involving that bill on Saturday or Monday. If it were not disposed of, we would have to decide on Tuesday, after we dispose of the pending bill, when it would come up; but we would not expect to consider it before 4 o'clock. I understood that that was satisfactory to the members of the Armed Services Committee.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. KNOWLAND. It is hoped, is it not, that in the event it is possible to reach a vote today, there may be a yea-and-nay vote?

Mr. JOHNSON of Texas. The chairman of the committee and the ranking members of the committee anticipate that they can explain the bill and debate

it, and that the Senate can act upon it today.

Mr. BUSH. Mr. President, I congratulate the majority leader on the proposed plan. I have no objection.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent request?

Mr. JAVITS. Mr. President, reserving the right to object, I have a question. We always ask this question. I am sure the majority leader will be glad to answer it.

As I understand, the proposed unanimous consent agreement applies to any new amendments which may be placed before the Senate next Tuesday, as well as to amendments which have already been submitted.

Mr. JOHNSON of Texas. That is true.

Mr. JAVITS. I have no objection.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. SPARKMAN. Is it the judgment of the majority leader that action can be completed on the pending bill on Tuesday?

Mr. JOHNSON of Texas. I hope so, but I have no way of knowing.

Mr. SPARKMAN. I realize that, but does the Senator think it might be possible?

Mr. JOHNSON of Texas. It is possible. It is planned to have the Senate convene early and remain in session late.

Mr. SPARKMAN. I presume there will be several yea-and-nay votes on Tuesday on amendments, as well as on the bill.

Mr. JOHNSON of Texas. I presume so.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and the agreement is entered.

ORDER TO CONVENE AT 10 O'CLOCK A. M. ON TUESDAY NEXT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate convenes on Tuesday, it convene at 10 o'clock a. m.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Mr. President, reserving the right to object, what date did the Senator mention?

Mr. JOHNSON of Texas. Ten o'clock a. m. on Tuesday next.

Mr. LONG. Is it planned that the Senate adjourn from today until Tuesday?

Mr. JOHNSON of Texas. No. The unanimous-consent request relates to the time of convening on Tuesday, and all Senators will be on notice that there will be a morning hour on Tuesday, followed by a resumption of consideration of the bill.

Mr. LONG. The Senator is not planning an adjournment from today until Tuesday?

Mr. JOHNSON of Texas. No.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas? The Chair hears none, and it is so ordered.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. JENNER. Mr. President, So much has been said about the Reciprocal Trade program and it has so many facets that the subject sometimes seems hopelessly confused. There is no confusion about the program. It is a package in which half a dozen different proposals are tied together, each of which is best understood separately.

The important matters hidden in this package are as follows:

First. In 1934, Congress voted to surrender its legislative responsibility to the executive branch.

Second. The executive branch originally asked for this power to implement an overall policy approaching free trade.

Third. After the war the executive branch surrendered its derivative legislative power to an international body, of which we are 1 of 36 members.

Fourth. This international body is not concerned primarily with free trade, but with its very opposite, an elaborate worldwide system of quotas and allocation of markets, which is under no obligation to put American interests above those of 35 other members.

Fifth. This international body interlocks with a host of other international bodies operating above the Congress and the Constitution, and in accordance with the principles of a directed, not a free, economy.

Sixth. This international program contributes nothing whatever to a fundamental reexamination of our tariff policies to fit them to the needs of the 20th century.

Seventh. It does nothing whatever to increase the volume of world trade, or reduce the controls on freedom of trade employed by other nations.

Eighth. This program is in fact a limitation on the total of world trade, and a transfer of a share of the world market from American production to foreign production, under specious arguments about a dollar shortage.

Ninth. This program, in combination with our other international programs, is in fact a system for the export of jobs. Far from increasing the job opportunities or wages paid in the United States, it is stimulating the export of American working capital to make jobs in other countries. The output of these workers then comes into the American market to compete with the output of American farms and factories.

The heaviest penalty for this surrender to a directed international economy will fall on the workers of the United States whose high wages depended on our vastly superior machinery and equipment, provided out of the savings of Americans, reinvested in employment here at home.

The reciprocal trade program is by now so great a detriment to American economic life that it is almost impossible to describe it in temperate language. It

is almost impossible to make it credible to those who have not looked behind the fleecy clouds of propaganda to see the cold unvarnished truth.

I shall not attempt to discuss in full the points I have raised. Senators know the vast body of evidence which has been collected to show the true effects. I shall put my emphasis principally upon the problem of the export of job capital and the great danger which will confront our wage earners, professional people, and businessmen if the capital available for jobmaking is permitted to shrink much further.

Let me first summarize the arguments which are so well hidden by the propaganda.

First, Congress has no shadow of a right to delegate its legislative duty. The members of the Constitutional Convention were masters of the English language. They said, "All legislative powers herein granted shall be vested in a Congress of the United States."

There is no mistaking the meaning or the obligation. The founders did not assign the legislative power to Congress, so Congress could delegate it to the executive branch or to a supernational agency. Congress has no power, by statute or any other means, to delegate its legislative responsibilities. It has no moral right to do so.

Let me take a moment to remind the Senate why the Founding Fathers gave the legislative power to a Congress of the people's representatives.

They understood very clearly a problem we pretend is new. They saw plenty of examples of a strong centralized executive establishment which laid down the rules for the entire Nation and told the people what was what. They watched the system as it worked out in Spain, France, the German principalities, Austria, and Russia. Then George III and his ministers tried to impose arbitrary government controls, like those of the Continent, on American colonists who cherished every right and freedom won by Englishmen.

When the Founding Fathers said, "All legislative powers herein granted shall be vested in a Congress" of representatives of the people, they were talking about the old, old problem of executive management of the people's affairs which bureaucrats have always undertaken so willingly. They were saying they would have none of it. They would say the same thing today.

The founders put their complete trust in representatives of the people, rather than in bureaucrats, because the representatives of the people were concerned about the Nation, not about the ruling establishment, whether it was a king, a dictator, a president, or anyone else.

This was no sentimental choice. It was a matter of the gravest self-interest.

The government of a nation must make many compromises where unity is necessary. One interest or another must frequently be sacrificed for the good of the whole. The founders of our country wanted the Congress, which represented all the people, not the executive branch, to decide which areas and

which interests were to be restricted for the common good.

They would not for a moment have tolerated the notion that the vital interests of New England, the South, and the West, of textiles and cotton and automobiles, should be arbitrated by anyone but the representatives of the Nation in Congress assembled.

Congress cannot either legally or morally assign its legislative power of life and death over towns, industries, and sections, to a permanent bureaucracy out of touch with the people.

So important is this one argument that I am almost tempted to stop here and say, "Nothing else matters." The first step taken by Congress when it assigned its legislative power over tariffs to the executive branch, was itself illegal and immoral. Even if good results had flowed from this delegation of duty, it still would have been an illegal and immoral step.

Dean Clarence Manion, a famous authority on the Constitution, coming from my own State, has stressed this first principle.

He said:

The Constitution builds a firm limitation around the power of every public officer. * * * In spite of a widely prevailing impression to the contrary, there are no emergency escape hatches in the walls of this constitutional confinement. Through fire and flood, war and peace, boom and bust, the Constitution continues to govern as written and all of its officers solemnly swear that its dominion shall be forever undisturbed.

If this is so, why should Congress now seek to perpetuate activities that flagrantly violate constitutional commands, and why does the President insist that Congress do so?

The Senate Finance Committee has taken a most important first step in restoring the legislative responsibilities of Congress. It has amended the House bill so that recommendations of the Tariff Commission may not be rejected except with the approval of both Houses of Congress.

The Tariff Commission was set up to give the Congress the necessary technical information about the effects of tariff changes on our multitude of industries. It was never intended that the Congress would give up any of its legislative responsibility—the burden of deciding what should be done in matters so vital to the interests of our people.

I am tired of being told, every time we give more power to the executive branch, that "the President" will decide. The President is one man, with human limitations. He has only 24 hours in his day, and he, too, must eat and sleep, and decide about the Middle East and defense reorganization, and many other problems.

It is silly nonsense to pretend that the President makes one decision in a thousand on the legislative issues Congress votes to submit to him.

The decisions are made by the permanent bureaucracy. They planned it that way. The permanent bureaucracy is dominated by the Socialist one-world doctrines which have dominated our Government for many years.

Congress did not give the legislative power on tariffmaking to President Roosevelt, President Truman, or President Eisenhower. Congress gave it to the bureaucracy.

On the constitutional issue, Congress has no right to turn its legislative responsibilities over to the bureaucracy.

It has no right to give responsibility for our economic life to the bureaucracy until it investigates the persistence of Socialist, one-world, and Communist influences in our Government.

Congress has no right to enter into international arrangements with the United Nations until it has thoroughly investigated the influences which led, for example, to the firing of Bang Jensen.

We can bandage our eyes and say we are going ahead on a safe road, but that will not prevent us from falling over the precipice, if the precipice is there.

I will not spend much time on the argument that free trade is a good thing, and that reciprocal trade agreements build up the volume of world trade.

Serious, responsible people present such arguments, but they do not see how little relation the arguments have to the world of violent power struggles in which we now find ourselves.

Neither do I intend to give blank-check endorsement to 19th century ideas of protectionism.

This is the mid-20th century. We must face our problems in the world of today. But nothing whatever has happened to justify Congress in shifting the burden of making policies for our time from the legislative to the executive branch.

The reciprocal phase of the reciprocal-trade program disappeared long ago. There is nothing reciprocal about the present program.

Secretary Hull was following a 19th century idea which was very successful for Great Britain during a short period of her history. But in 1934 we no longer had the Pax Britannica or the International Division of Trade. Great Britain herself had already left free trade behind her.

At its best, then, Hull's original reciprocal trade was a dream from other days. The program did not long retain even the 19th century virtues of Hull's original idea.

The next step was the conversion of Hull's free-trade program into a scheme for the international cartelization of world trade, with spokesmen for the executive branch of our Government sitting down with those of 35 other nations to decide what is to happen to industry and employment in the United States.

This is, in my opinion, a second gross violation of constitutional law. There is nothing in the language, the history, or the spirit of the Constitution which permits any American official to barter away our sovereign rights by diluting them with the interests of 35 other nations.

The executive branch has been able to use the treaty clause and the executive agreement—concerning which the Senator from Ohio [Mr. BRICKER] has made a valiant fight—to build up a Tower of Babel of international bureaus

and commissions affecting the rights of the American people. But that is not law. That is not the Constitution. That is not morality.

Dean Manion has explained what happened. He said:

After World War II, however * * * our international diplomats had developed a fixation for multilateral international pacts, organizations, and associations, in which many nations were involved and which could be used as steppingstones to an ultimate international world government.

Put in other words, a powerful group within the executive branch were determined to use the war powers and war fatigue, to put us into a world government.

They knew the American people were bitterly opposed to the idea. So they decided to do it secretly, by using the so-called treaty clause as an instrument for a revolutionary change in the American form of government, without any sign by which the people could be alerted.

You remember, Mr. President, how the Senator from Ohio [Mr. BRICKER] and other Senators fought valiantly to end this totally dishonest misuse of a power granted in the Constitution for quite different purposes.

I will not waste one moment of the time of the Senate describing the constant stream of propaganda statements which has been put out by the oneworlders to make this reciprocal trade program look like what it is not.

First it was a depression remedy, then a way to win the war, then a cure-all for peace, more recently a reservoir of new and profitable jobs for our people—I may say 4,500,000, but no official could be found in the Government who could document that statement.

I have in my hand a report from the Department of Commerce entitled "Foreign Trade Impact Study—State of Indiana." Each Senator has received a similar study dealing with his State. Are they not neat and pretty?

These reports explain to the Senator that he must vote for the reciprocal trade program because it brings so many jobs to his State.

Do not try any independent judgment on this, or the voters will "get you."

Let us open it at random. In table 2 we learn that Indiana has 868 firms engaged in manufacturing machinery other than electrical.

They have 61,143 employees. The output of these firms according to the 1954 census of manufacturers was \$480 million.

On page 4 the report says our exports of nonelectrical machinery exceeded \$2.9 billion.

This, they say, was an average of \$1,825 for every United States employee in the industry.

Says the report:

Indiana's proportionate share of this national export total was over \$91.5 million.

Now that is very impressive. But I want to know one thing. Were these exports paid for? Or were road machinery or tractors given away by the ICA, perhaps to Tito himself.

If they were foreign aid, they were not exports. They were not paid for abroad.

The cost was met by taxes on American workers. And we know very well Indiana's proportionate share of those taxes was higher than anything that appears in these dishonest statistics of foreign trade.

In the Senate Finance Committee I listened to the claims, repeated again and again, that the foreign trade program had created 4½ million jobs for American workers. That story has been repeated and repeated in every newspaper throughout the land.

As one witness said:

It would seem clear that the Congress has the simple choice of protecting the job security of 4 million Americans who live off of exports * * * according to the proven formula of reciprocity or to step backward—

I ask you, Mr. President, to listen to these lovely words:

to step backward into a volatile system of regional dictated tariffs to protect the job security of only 200,000 workers in injured industries.

Mr. MALONE. Mr. President, will the Senator from Indiana yield to me?

Mr. JENNER. I yield.

Mr. MALONE. Is not the Senator from Indiana aware that, at the present time, approximately 6 million American workers are unemployed, as a result of the operations and effects of the so-called Reciprocal Trade Agreements Act?

Mr. JENNER. That is correct.

Mr. MALONE. Is not the Senator from Indiana also aware that the only trade which would be done away with as a result of a failure to extend the act would be the unprofitable trade?

Mr. JENNER. Yes.

Mr. MALONE. Does not he also realize that if the Congress permits the act to remain expired—after all, it expired on June 30—the policy laid down under the 1930 Tariff Act will again go into effect?

Mr. JENNER. That is correct. I think we brought out that point very clearly during the debate.

Mr. MALONE. I am sure we did.

In other words, have not we simply allowed the President to exercise the authority; and the President, in turn, has delegated it to the State Department; and the State Department, through multilateral agreements and the operations of GATT, at Geneva, has allowed American industrial operations to be shut down in the areas in which the State Department and GATT wished or chose to have them shut down?

Mr. JENNER. That is correct; and that situation will continue if the act is extended for 5 years, as now requested by some.

Mr. MALONE. And, in the event of war—

Mr. JENNER. Of course, we no longer have wars; today, they are merely "police actions."

Mr. MALONE. Yes, or "peace movements."

Does not my colleague agree that if American industrial operations continue to be forced to shut down, by means of this program, the United States will be in dire straits—because of a lack of

strategic minerals and materials—in the event of war?

Mr. JENNER. Certainly.

Mr. MALONE. Furthermore, if the present wartime economy were to end, how many American workers does the Senator from Indiana think would be unemployed within 60 or 90 days thereafter?

Mr. JENNER. I have no way of knowing.

Mr. MALONE. Certainly, the number of unemployed then would be at least double the number of unemployed at the present time, would it not?

Mr. JENNER. There could be easily that many.

Mr. MALONE. Then our economy would be right back where it was at the beginning of World War II, would it not?

Mr. JENNER. That is correct.

Mr. President, I tried and tried to get one solid piece of evidence that the reciprocal trade program had created any jobs for any Americans. No one could give a scintilla of evidence for any such jobs. In the two large volumes of printed hearings on the pending bill, not one scintilla of evidence of that sort is to be found.

None of the propaganda which has been issued has any relation to the facts. Its only purpose is to fool the American people, so they will not notice how they are rushing with seven-league boots into a one world government. But, of course, the American people pay even for the propaganda used to fool them.

The case is clear. The only purpose of all the talk about free trade, communism, full employment, and the rest, is to keep the American people so busy that they will not notice that their liberties are being stolen, through misuse of the treaty clause, to set up international cartels of their trade industry and employment by our State Department and 35 foreign countries.

Let me remind the Senate that these assumptions of power by the executive branch do not get before the Supreme Court. No one is asked to rule whether they are Constitutional. Certainly the executive branch will not raise the issue. No one knows, or could guess how far-reaching are the powers the executive branch has hidden away as a result of this clever plan for silent, painless revolution.

Let me remind the Senate that the activities of these international planners are carried on behind a curtain of secrecy.

If Congress asks for books and records, it is told either that a matter of executive privilege is involved or that we cannot violate the confidence of foreign nations. Foreign governments are regarded as far more important than the American Congress, the American press, or the American people.

I know this is incredible. But it is true. Even more shocking, it is the whole truth.

Other students of this program have brought out the evidence that foreign nations make no attempt whatever to reciprocate by making reductions in their tariffs. In fact, our situation will

grow worse as the European Common Market tears down the tariff walls between West European nations, and so increases the relative difference between the tariffs our producers pay and those laid down to protect our producers against goods imported from other countries.

We are told that Congress must renew these powers this year, because the State Department must negotiate with the European Common Market. We are told that the program cannot be limited to 3 years, because it will take 4 or 5 years to reach an agreement with the Common Market countries. We are told that Congress cannot limit the annual reductions, or take back its power at the end of the period, because the State Department must be wholly free to negotiate for deep cuts.

Mr. President, does Congress plan to fold up in the next 3 years? Is it going to postpone its sessions from now until 1963?

Either I do not understand; or the State Department could, if it had a real case, in 1959 and 1960 and 1961 request of Congress additional power to negotiate with the European Common Market.

How much longer is Congress going to give blank-check powers to the administration because the administration says it does not know what may happen or what it will do about these matters?

Now I come to the most important and most widely ignored problem in the whole situation. The United States is engaged in a multipronged effort to transfer large shares of its economic capital to foreign soil, there to be used to make jobs for the people of those countries.

We hear much about the great volume of sales to foreign countries and the much smaller volume of our purchases of foreign goods. Then we hear much about the dollar gap.

These poor nations, we are told, cannot get enough dollars to pay for American goods; so we are told we have to give away our products. Why have we had this problem of the dollar gap since 1945, but not before? The explanation is so simple. From 1789 to the 20th century, foreign nations could get all the dollars they wanted. They bought them in the market, and paid the current competitive price, the way any one of us buys grapefruit or a house. Today, nations cannot get dollars, because when governments set up a socialist welfare state, they have to lie about the value of their money, in order not to disclose how much they are really spending. All of us know that our Government is doing it, too.

But people of other countries do not have to buy their money at a purely imaginary political price. The welfare state cannot pass its money outside its borders on a straight trading basis. That is why it must have quotas and exchange controls. That is why the welfare state governments will not take one step to open up their foreign trade as a result of the reciprocal-trade program. The international quota system is just what the managers of the welfare state like best.

The American Government should have refused to subsidize a single So-

cialist or welfare state government by its international hocus-pocus.

Instead we adopted the myth of the dollar gap. The bright-eyed boys write about it all the time. We have read about the dollar gap for years.

Our Government devised one program after another by which it could give away the products of our fields and factories to other countries, and call it trade. Give it away, and call it trade.

We are giving away the hard-earned savings of the American people through foreign aid, the International Bank, the International Fund, the Export-Import Bank, and gifts of surplus agricultural products in exchange for foreign currency, which we then give away under some other program.

All these giveaway programs go down in the books under the false name of trade. They "prove" that the governmental managers of our economy are oh so much cleverer than the Americans who used to think trade was trade, and the only way to increase trade was to make a better product, have better salesmen, or work out a better price.

How silly were those men of earlier generations to limit themselves to economic means to increase our trade, when by manipulating our money and manipulating our statistics, they could have made everything look oh so much bigger.

Of course, they did build this country up from a strip of little settlements along the seacoast to the greatest economic producer of all time. But that is so prosaic and sober, alongside the rainbow promises of the welfare state.

I remind the Senate, that the underlying plan, by which American officials are working so hard to give away our national resources to other countries, goes back to proposals of Stalin for Socialist "equalization of shares" between nations, to follow up the "equalization of shares" between classes, which is the first Socialist objective.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. MALONE. What was the maxim or catchword or catch phrase or catch sentence Karl Marx used? Was it "From each according to his ability, and to each according to this need"?

Mr. JENNER. That is correct.

Mr. MALONE. Is that what we are following?

Mr. JENNER. It looks that way.

Mr. MALONE. We have forgotten that we are following it.

Mr. JENNER. We have forgotten many things. We have torn a lot of pages out of the book.

Mr. MALONE. Does the Senator recall the history of the operations of Harry Dexter White and Alger Hiss? I am sure the Senator recalls that Harry Dexter White was Assistant Secretary of the Treasury.

Mr. JENNER. Yes, I do.

Mr. MALONE. Does the Senator remember that Harry Dexter White advocated giving millions and billions of dollars to Russia, so that this country would be dependent on Russia for products without which we could not conduct a war or live in peace?

Mr. JENNER. Yes. I think that time will come.

Mr. MALONE. It is coming fast. Instead of depending on Russia for manganese, of which there is so much within our own borders that we could not use it in 1,000 years, we are now getting eight or nine hundred thousand tons annually from India, which is the next best thing to what Harry Dexter White recommended. I guess he was about the best example of a traitor we ever raised in this country.

Mr. JENNER. He is a good example. What has not been made clear is the fact that this gradual funneling away of American capital into foreign countries, affects disastrously every person in the United States who earns his living, or lives in a family which supports itself.

Mr. President, have you ever seen the level of a river gradually receding? If so, you know how, as the level falls, there are little changes in everything on the river, the banks, the docks, the boathouses, the trees. After a while the area where the water used to be is exposed in all its desolation. Everything on the river has a sort of disconnection with everything else, because the river wove together all the human activities on its banks.

Americans have never seen the level of their economic rivers falling. We have always had more capital every decade than we had the decade before. We do not know what is before us.

Competition will get fiercer among factory workers, building workers, schoolteachers, doctors. People will lose the kindly generosity that marks Americans. They will become more cruel and ruthless in their competition, like the people of older, sadder countries.

But, it is said, we are not getting poorer. We are getting richer.

Yes, we have been getting richer. That is where the managers of the welfare state are so clever.

Our dollars have been devalued until they are now worth only 48 cents. Our national debt is \$280 billion. Our contingent Federal debt is another \$250 billion. Our private debt is \$213 billion. Our municipalities and towns are indebted to the extent of over \$50 billion. Yet it is said we are getting richer and richer.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. MALONE. That makes a total of more than \$650 billion.

Mr. JENNER. With the corporate debt included, it is over \$1 trillion.

Mr. MALONE. On which the American people are paying interest?

Mr. JENNER. That is true.

Mr. MALONE. The interest on the national debt annually is nearly as much as the national debt was when this 1933 debacle came about. Is that correct?

Mr. JENNER. That is correct; about \$11 billion or \$12 billion a year.

Mr. MALONE. I think there was a national debt of about \$16 billion.

Mr. JENNER. We used to criticize Franklin Roosevelt for spending \$9 billion a year. We are paying \$11 billion a year in interest now.

Mr. MALONE. That is correct.

Mr. JENNER. We have been getting richer every decade. We always get much richer after every war.

The managers of the American welfare state have only taken part of our rising income. They have left us fancy kitchens, dishwashers, garbage disposals, and outdoor swimming pools, so we will feel richer. They are only robbing our savings, our capital, our reserves of the pools of wealth for future needs, which we do not see and handle every day.

They are taking only the seed-corn of our society. Their motto is "After us the deluge."

Hugh Bennet, the head of the Bureau of Soil Conservation Service, used to tell people on every occasion that 400 farms rolled past the mouth of the Mississippi and out into the Gulf of Mexico every minute. He knew what erosion meant. He saw in his mind's eye every little gulley that was eating into American soil from Minnesota to the gulf. He felt in his bones every grain of good topsoil that started on that tragic journey to the ocean floor.

I do not have the eloquence to tell the Senate how thousands of good jobs for American farmers and factory workers and teachers and doctors are being shipped out of American ports on their way to France or Italy or Thailand or India or Poland or Yugoslavia or Timbaktu. Yes, on their way to Tito and Gomulka, within the Soviet orbit, and we are supposed to be against communism. I do not have the eloquence to relate how serious these little gulleys in our employment capital are going to be in a very few years. I do not know how to warn the young workers in our society that every year more of the loss will fall on them.

The plan to equalize the standard of living of the United States with that of backward areas has two aspects. After American capital rolls out, in the form of foreign aid or uncollectible loans, to make goods in other countries, the goods produced with this capital are to flow back to this country to compete with our products.

The planners want no barriers to the inflow of these products of foreign labor plus American capital. Congress must not interfere.

The so-called Reciprocal Trade program which ties us into GATT, is the method for taking down the barriers and letting foreign goods in free or nearly free.

We have a huge volume of testimony on the effects of present-day imports on various industries and sections. That testimony belongs right here.

I will not repeat the arguments in the hearings. I would like to point out that these industries are not caught in a squeeze from old-fashioned competition of the 19th century type. They are caught in the pincers of the One Worlders—squeezed between the foreign giveaway jaw and the GATT jaw.

It is time we began to deal with this international division of wealth.

If we do nothing, the division of wealth will continue until we average the incomes of Americans with those of Cam-

bodia and Egypt. I ask Senators, what kind of average do we get if we divide up the incomes of 173 million Americans with the incomes of over a billion people—a billion—in the underdeveloped areas?

How far down do we think we will go, if we do not stop this thing now?

Mr. MALONE. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. MALONE. Is it not very plain that what we are heading for is a world government in which we will have 1 vote among 70 or 80 votes?

Mr. JENNER. We are practically at that point now, particularly with respect to trade. We have 1 vote out of 37 now in GATT.

Mr. MALONE. We have 1 vote in 37 in GATT. Of course, our vote is on the other side, because we have a State Department which believes in the division of American markets with the nations of the world and in the remaking of the industrial map. Is the proof of that not to be found in the fact that there has long been before Congress proposed legislation to appropriate the taxpayers' money to train workingmen for other jobs whenever they are put out of work?

Mr. JENNER. Not only that, but only this year we increased the lending authority of the Export-Import Bank by \$2 billion.

Mr. MALONE. Of course.

Mr. JENNER. We can create industries abroad to compete with the industries at home. Now it is requested that we take down the tariffs to let the foreign goods come into the United States.

The only way we can survive under a one-world dream is when our standard of living becomes the standard of living of the rest of the world. I do not think the American people, if their eyes were open, would be willing to pay that price.

Mr. MALONE. I am sure they would not be.

To come back to my point, a bill has been before the Senate which proposes to use the taxpayers' money to train workingmen for other jobs, and to ship them to other areas. The facts are that the proponents of the program knew they were going to remake the industrial map of the United States.

Mr. JENNER. Surely. They know it. They think it is perfectly all right, at the taxpayers' expense, to pick up a family in New England and move it across the country to some other area, to make people in the Middle East happy.

Mr. MALONE. Is that not the Russian method, except that the Russians do not need legislation?

Mr. JENNER. The Russians simply need a gun.

Mr. MALONE. They need only a gun. That is cheaper.

Mr. JENNER. Mr. President, we do not need a 5-year extension of the trade-agreements program. We do not need a 3-year extension. Let us not delude ourselves. We are voting every few years not to extend GATT, but to make GATT perpetual.

The vote yesterday almost made me feel bad. The Senator from Pennsyl-

vania [Mr. CLARK] said, "Let us make the law permanent; let us make it perpetual," and a yea and nay vote was taken. Only four Senators voted for the amendment of the Senator from Pennsylvania.

I think the vote does not reflect the true situation, because, in my opinion, the truth is that this program has been in existence since 1934. We have extended the program for 2 years or 3 years at a time, and now President Eisenhower says he wants it extended for 5 years. I think this is already a perpetual program.

Mr. MALONE. It made some of us feel bad, to see a young man, in his early prime—who came to the Senate practically raised on the system of the past 24 or 25 years, who believed what he heard in the debate about the act being extended 10 times, with the 11th time coming up, and that the President wanted a 5-year extension—with such enthusiasm asking for the act to be extended in perpetuity. I was disappointed.

Mr. JENNER. Perhaps the Senator from Pennsylvania was trying to save this body some time, because I think it is going to be a program in perpetuity. We have no way of letting the American people know what is happening to them on the floor of this legislative body.

The means of communication are so slanted that the people cannot get the truth.

Mr. MALONE. Mr. President, will the Senator further yield?

Mr. JENNER. I yield.

Mr. MALONE. Does the Senator remember that the act expired on June 30 of this year, and that now the tariffs on any products with respect to which there are no trade agreements are back with the Tariff Commission, which is operating under the 1930 Tariff Act? If 60 days' notice were served upon Mr. Hammarskjöld, Secretary-General of the United Nations, in 60 days all the thousands of products involved in multilateral agreements would be back with the Tariff Commission, under tariffs to be regulated on the basis of fair and reasonable competition, and the American workingmen and investors would be back in business.

Mr. JENNER. The law has already expired. There is no reciprocal trade program now, but if one were to believe what he reads in the "slick" magazines, he would think the world would come to an end if the act were not extended.

Mr. MALONE. I did not hear any explosion.

Mr. JENNER. It is said that we would go back to the law of the jungle. I have often seen articles to the effect that there would be logrolling among Senators in connection with the tariffs on crockery and other products.

Mr. MALONE. A little logrolling would do no harm.

Mr. JENNER. We have these agreements anyway. The only one who could bring about chaos would be the Executive, and the only way to do that would be to serve 120 days' notice in the case of bilateral treaties, and 60 days' notice in the case of multilateral treaties, and we

would go back to the basic law which Congress passed, under which it established a creature of its own, under article I, section 8, of the Constitution, which provides that Congress alone shall have the power to fix tariffs, imposts, duties, and excises.

Mr. MALONE. That would be according to the Constitution of the United States, would it not?

Mr. JENNER. That is correct.

Mr. MALONE. That is unheard of.

Mr. JENNER. It is almost unheard of in this body.

Mr. MALONE. In the opinion of the distinguished Senator from Indiana, would it do any harm to try it for a little while?

Mr. JENNER. I do not think it would.

Do Senators think the program can be stopped any more easily after 3 years than after 5?

Let us have the courage to vote to make GATT perpetual, and honestly admit we are ready to lower our standard of living to the depths. Or let us end this folly now. Let us tell the world Congress is not going to surrender a particle of its power or responsibility. Then we can set out to make a truly American plan for expanding world trade by a return to honest economics, an honest dollar; honest capital formation, honest employment, and political honesty without bread or circuses.

Mr. MALONE. Mr. President, will the Senator further yield?

Mr. JENNER. I yield.

Mr. MALONE. Would the Senator believe, from what he has seen west of the Potomac in the past 2 or 3 years, in the present state of unrest caused by unemployment, and the realization that the Congress has had its eyes focused across the Atlantic Ocean, and not across the Potomac, that the sound barrier on the Potomac River, through which no public sentiment has apparently seeped in 24 years, might be broken, and that the public might be aroused enough to break the sound barrier of its own volition?

Mr. JENNER. I do not think so, because I do not believe the public knows what is going on. There is no means of communication.

Mr. MALONE. They know in Indiana and Nevada.

Mr. JENNER. We make that possible. We carry the news back to our people. But think of the poor suckers in New York, New Jersey, and other States up and down the east coast. What chance have they? They can read the Washington Post. They might as well read Pravda.

I caution the members of the press not to print that.

Mr. MALONE. An editorial in the Washington Post of this morning caught my attention. I wish I had it before me. I would read some of it into the RECORD—it will probably be read anyway. It predicted dire catastrophe for any Senators who even indicated that they wanted to place any kind of check on the exercise by the President of the constitutional authority of Congress. Something terrible would happen to them. I cannot remember what it was. However, after 24 years, it seems almost un-

thinkable that the President should exercise the constitutional congressional responsibility and wield it as a one-man power, with no check whatever.

Mr. JENNER. Here there are those who would like to kill people. Who think constitutional powers should be adhered to, but in Indiana the people elect them.

Mr. MALONE. They do in Nevada, too. After November 5, I will let the Senator know what happens.

Mr. JENNER. Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks certain excerpts from part I of the printed hearings, beginning on page 451, at the point I have marked, at the point where I addressed the chairman, and ending on page 455, at the conclusion of the article which was under discussion at that time.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Senator JENNER. Mr. Chairman, I am going to take a minute or two, I have not taken much time of this committee and do not propose to, but I think we are getting into a lot of trouble here because we have departed from the basic fundamentals of our Government, and I think this witness typically shows when you got out here to try to do special things for special people that you are in deep waters. I just want this for the record, and I want this in the record.

I am quoting from a pamphlet here by Dean Clarence E. Manion which says:

"By its own terms, the Constitution of the United States is the supreme law of the land. All United States Senators and Representatives have taken a solemn oath to support it as such. The President's single sworn duty is to 'preserve, protect, and defend the Constitution.'"

"Whoever reads the simple language of this great document cannot avoid the impression that these official obligations to support and follow it are now 'more honored in the breach than in the observance.'"

And that is where we are when we are discussing this reciprocal trade agreement.

He says:

"The Constitution builds a firm limitation around the power of every public officer. This constitutional circumscription of public authority is the very definition of our freedom. In spite of a widely prevailing impression to the contrary, there are no emergency escape hatches in the walls of this constitutional confinement."

"Through fire and flood, war and peace, boom and bust, the Constitution continues to govern as it is written and all of its officers solemnly swear that its dominion shall be forever undisturbed."

"If this is so, why should Congress now seek to perpetuate activities that flagrantly violate constitutional commands, and why does the President insist that Congress do so? This is what is happening in the current effort to extend the so-called Reciprocal Trade Agreements Act."

"The President tells us now that we need this measure to strengthen our common defense against communism. Back in 1934, another President said we needed it to overcome an economic depression. In the years between, everything has been cited to support and perpetuate this Presidential management of our foreign commerce—everything, that is, except the Constitution of the United States."

"To get perspective, we will have to back up to the beginning. When Congress convened in 1933, it was in an understandable hurry to ease the severe pains of the great depression. One of its first official perform-

ances was the National Industrial Recovery Act, popularly known as NRA.

"This measure gave President Roosevelt an extraordinary power to approve binding codes of fair competition for a variety of industries. Normally, Congress itself would have set up these codes in the form of statutes governing the described business practices.

"From the beginning of our Government under the Constitution, Congress had exercised its prescribed powers in this direct way."

"Nevertheless, in its haste to meet the emergency and because Mr. Roosevelt urged it to do so, Congress quickly delivered the NRA codemaking job into the hands of the President.

"In 1935, the Supreme Court nullified NRA as an unconstitutional delegation of congressional power (*Schechter v. United States* (295 U. S. 495)).

"The High Court's decision was unanimous. It stressed a basic principle of constitutional law, namely, Congress cannot delegate its own constitutional duties and responsibilities to anybody, and, as one Justice (Cardozo) described it, NRA was an example of such 'delegation running riot.'

"Before this decision was rendered, Congress had passed the Trade Agreements Act of 1934—"

and now we are being asked by this legislation to extend it for 5 more years.

"In 1934, in which the NRA formula of delegation was followed into the field of foreign commerce."

In other words, the NRA put in domestic business delegation of powers which Congress had the responsibility for, so now along comes this bill and extends it to foreign commerce, the same thing.

"The new foreign trade law soon became known as the Reciprocal Trade Agreements Act, although Congress did not call it that and reciprocity has certainly not been featured in the law's accomplishments."

We have had thousands and thousands of examples that there is no reciprocity about it.

"Like NRA, the Trade Agreements Act was pressed upon Congress as 'an emergency remedy for emergency conditions.' Congress has exactly the same responsibility in the field of interstate commerce that it has in the area of our commerce with foreign nations.

"A change by the President in the import duty on any article is applied not just to such items entering the United States from the country which is the other party to the agreement, but to all such items thereafter imported from all countries.

"This kind of 'reciprocal trade' thus means that, by one agreement with a single country, the President can and does change the general United States tariff level, in spite of the fact that the Constitution expressly gives to Congress, and only to Congress, the 'power to lay and collect taxes, duties, imposts and excises.' (Art. I, sec. 8, United States Constitution.)"

How we can sit here day after day in hearings after taking a solemn oath to defend that Constitution and deliberately pass and delegate these rights away, I don't know.

I say this, Mr. Chairman, we are destroying this country, because we are departing from the basic fundamental laws that made us a great nation. I am leaving this body, but I am not going to leave until I have my say on these basic fundamental things. You can see how far afield we are going, because we have departed from the Constitution.

He further says:

"But, this is by no means the full dimension of unconstitutional power now exercised by the Federal Executive as a result of this delegated congressional authority. Pursuant to the Constitution, treaties are negotiated by the President and ratified by the vote of two-thirds of the United States

Senate. Since the passage of the Trade Agreements Act, our State Department may use and has used these new trade negotiations to modify or suspend a formal constitutional treaty that has been previously negotiated by the President and then ratified by two-thirds of the Senate (e. g., art. II, United States trade agreement with Columbia).

"This diplomatic short circuit is called an 'executive agreement.' All of the trade pacts made pursuant to the 1934 act have been treated by the State Department as such executive agreements."

And there are thousands of them in existence, and not a Member of this Congress knows what they are.

"Please remember that these are not submitted to the Senate for ratification, but, by the decisions of our courts, they are now none the less binding upon the country (*U. S. v. Pink* (315 U. S. 203)).

"Between 1934 and 1947, all of these new trade pacts were bilateral; that is, each was negotiated between the United States and one other country. It is obvious from the early history of its administration that bilateral negotiations and bilateral agreements were all that was contemplated when the trade agreements law was passed."

Isn't that correct?

Senator MALONE. That is correct. Every word you say is correct.

Senator JENNER. What has happened?

"After World War II, however, it was a different story. By that time our internationalist diplomats had developed a fixation for multilateral international pacts, organizations and associations in which many nations were involved and which could be used as steppingstones to an ultimate international world government."

If you are going to erase and equalize all of these discriminations and if you are going to lift everybody up to our level or we are going to come down to their level, that is exactly the way you are going to have to proceed with a world government and if you iron out these difficulties you won't need subsidies and nobody will need protection in this country and the whole standard of the world will be on the same level and we will all be in the same boat.

But you can't have your cake, gentlemen, and eat it too.

"In 1946, our State Department came forth with plans for a proposed 'International Trade Organization'—"

and I have heard witnesses sit here in this hearing and deliberately say "We need it, we are for it." They do not know why. They don't know a thing about it, what it will do to their country or to their standard of living but they are pounding these clichés, these phrases that are being brainwashed, throughout this country and brainwashing the American people.

"In 1946, our State Department came forth with plans for a proposed 'International Trade Organization' with an essential underlying feature called a General Agreements on Tariffs and Trade. This so-called ITO languished when it was submitted to Congress, which properly refused to swallow this organization's supranational enforcement machinery.

"However, GATT, the underlying organization, fared better because it was not and probably never will be submitted to congressional scrutiny. GATT was signed by our State Department's Director of International Trade on October 30, 1947: whereupon President Truman proclaimed that then and thereafter the United States was and would be bound by all of GATT's unprecedented schemes for international planning and trade regulation.

"At the same time, the President, for and in behalf of the United States, accepted all

of the tariff concessions that were a part of GATT's original negotiation."

Mr. Chairman, I am still reading.

"You will observe that this Presidential proclamation changed the whole range of our duties and imports which the Constitution empowers Congress, and only Congress, to change.

"But, President Truman's GATT proclamation did much more than that. It handled jurisdiction over tariffs and other precious areas of our foreign and domestic commerce to the tender mercies of GATT, a foreign Socialist organization whose proceedings are conducted in secrecy and in which the United States has but 1 of the 37 possible votes."

You will never win that ball game either.

"If the NRA, in which constitutional power went from Congress to the President, was unconstitutional 'delegation running riot,' then what can be said of constitutional power that is delegated by Congress to the President, and then redelegated by him to an association of foreign governments dedicated to the leveling of world living standards and a redistribution of the world's wealth?"

That is where you are going in this thing.

"GATT contemplates that its decrees will ultimately be policed and enforced by an appropriately muscled international tribunal. Drawn to these specifications is the new Organization for Trade Cooperation, 'OTC,' which has already been advanced as President Eisenhower's climactic contribution to the international government of our foreign and domestic commerce which, before him, President Truman, with our adherence to GATT, so nobly advanced."

"When GATT gets this enforcement machinery—

and the way we are going they are going to get it just as sure as day follows night, because we are departing from our solemn oath when we said we would support and defend and protect the Constitution of the United States—

the resulting impact upon our domestic affairs is certain to be loud and painful."

We won't be worrying about flatware, Japanese textiles, and little glass, but you will be worrying about the whole thing.

"Aside from import duties and international shipments, GATT is designed to regulate many areas of our domestic economy, including such things as a price-control system, rates of domestic exchange for foreign currency, our fair share of the world's raw materials and the proportion of our domestic market that should be supplied by foreign producers.

"There are at least 15 important Federal statutes that are in apparent conflict with GATT. These laws include the Agricultural Adjustment Act, the Clayton Antitrust Act, the Internal Revenue Code, and, last but not least, and most ironically, the Trade Agreements Act of 1934, as amended, which brought us to GATT in the first place.

"Under persistent prompting and pushing by the President, Congress now proposed to extend this Trade Agreements Act which binds us to GATT, which, in turn, directly threatens the jurisdiction of the Trade Agreements Act and 14 other congressional statutes. Nobody in Washington proposes to repeal those statutes.

"For patriots and taxpayers it is dispiriting and depressing, if not demoralizing, to see so many of our honorable Congressmen and Senators chasing their own political coattails in such an obviously vicious circle of internationalist intrigue. If these plodding politicians would pause in their muddled milling, they might hear the reechoes of this good advice from one of their distinguished predecessors, Senator Daniel Webster:

"When the mariner has been tossed for many days in thick weather and on an unknown sea, he naturally avails himself of the first pause in the storm * * * the earliest glance of the sun * * * to take his latitude and ascertain how far the elements have driven him from his true course. Let us imitate this prudence and, before we float further on the waves of this debate, refer to the point from which we departed, that we may at least be able to conjecture where we now are."

"The point from which you departed, my dear Senators and Congressmen, is the Constitution of the United States. It is unnecessary for you to weigh the hypothetical benefits of free world trade against the established benefits of the American standard of life and living.

"It is necessary merely for all of you to read the Constitution which you have sworn to support and from which you have departed. This is all you need to do in order to vote conscientiously to kill this misnamed 'reciprocal trade' bill and its monstrous un-American internationalist appendages."

This article says:

"Tell your Senators and Congressmen that they are not expected to do everything that the President tells them to do. Tell them they are expected to do what they have sworn to do; namely, support the Constitution of the United States."

Mr. Chairman, I do not think any better advice could be given to this committee, and I am just simply tired of people coming in here with self-serving statements and repeating clichés and brainwashing the American people, tying it up with our economy, tying it up with Congress, and tying it up with everything.

Now this gentleman here testifying, I am not here to abuse him or demean him but you have some figures here that intrigue me.

You say on page 2:

"In viewing the testimony thus far it would seem clear that the Congress has the simple choice of protecting the job security of 4 million Americans who live off of exports achieving this according to the proven formula of reciprocity or to step backward—

It is a beautiful word, isn't it, "step backward"—

"into a volatile system of regional distated tariffs to protect the job security of only 200,000 workers in injured industries."

Mr. JENNER. Mr. President, I yield the floor.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION BILL, 1959—CONFERENCE REPORT

Mr. HILL. Mr. President, I submit a report of the committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11645) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1959, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 17, 1958, p. 12782, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. HILL. Mr. President, the report is signed by all the conferees on both sides of the aisle. I ask for its adoption.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 11645, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
July 18, 1958.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 4, 20, 34, 35, 49, 55, and 59 to the bill (H. R. 11645), entitled "An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1959, and for other purposes," and concur therein; that the House recede from its disagreement to the

amendment of the Senate numbered 5, and concur therein with an amendment, as follows:

In lieu of the matter proposed by said amendment insert:

"COMPLIANCE ACTIVITIES, MEXICAN FARM LABOR PROGRAM

"For expenses necessary to enable the Department to determine compliance with the provisions of contracts entered into pursuant to the act of July 12, 1951, as amended, \$480,600.

"SALARIES AND EXPENSES, MEXICAN FARM LABOR PROGRAM

"For expenses, not otherwise provided for, necessary to carry out the functions of the Department of Labor under the act of July 12, 1951 (65 Stat. 119), as amended, including temporary employment of persons without regard to the civil-service laws, \$1,550,000, which shall be derived by transfer from the farm labor supply revolving fund: *Provided*, That reimbursement to the United States under agreements hereafter entered into pursuant to section 502 of the act of October 31, 1949, as amended (7 U. S. C. 1462), shall include all expenses of program operations except those compliance activities separately provided for herein."

That the House recede from its disagreement to the amendment of the Senate numbered 40, and concur therein with an amendment, as follows:

In the second line of the engrossed amendment:

Strike out the words: "or hereafter."

That the House recede from its disagreement to the amendment of the Senate numbered 50, and concur therein with an amendment, as follows:

Strike out the proviso: "*Provided*, That these funds shall be available only if a contract for construction is executed on or before April 30, 1959."

Mr. HILL. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 5, 40, and 50.

The motion was agreed to.

Mr. HILL. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a table showing the result of the conference between the two Houses.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

[Figures in brackets not added in totals]

Appropriation title	Appropriation, 1958	Budget estimate, 1959	House allowance	Senate allowance	Conference agreement
TITLE I. DEPARTMENT OF LABOR					
Office of the Secretary	\$1,480,000	\$1,556,000	\$1,478,000	\$1,478,000	\$1,478,000
Office of the Solicitor	2,121,000	2,121,000	2,321,000	2,321,000	2,321,000
Transfer from highway trust fund	[200,000]	[200,000]			
Bureau of Labor Standards	985,000	1,004,000	995,000	1,004,000	1,004,000
Bureau of Veterans' Reemployment Rights	542,000	542,000	542,000	542,000	542,000
Bureau of Apprenticeship	3,600,000	3,900,000	3,600,000	3,700,000	3,700,000
Bureau of Employment Security					
Salaries and expenses	125,600	125,600	6,219,000	6,219,000	6,219,000
Transfer from unemployment trust fund	[5,832,400]	[6,174,400]			
Grants to States	292,814,000	329,300,000	305,000,000	305,000,000	305,000,000
Unemployment compensation for veterans	76,800,000	19,000,000	19,000,000	19,000,900	19,000,000
Unemployment compensation for Federal employees	54,400,000	27,800,000	27,800,000	27,800,000	27,800,000
Mexican farm-labor program	2,250,000	1,339,400	480,600	1,339,400	480,600
Transfer from revolving fund		[910,600]		[910,600]	[1,550,000]
Bureau of Employees' Compensation:					
Salaries and expenses	2,838,000	2,810,600	2,810,600	2,810,600	2,810,600
Employees' compensation fund	[57,600,000]	[57,000,000]	Indefinite	Indefinite	Indefinite
Bureau of Labor Statistics: Salaries and expenses	7,200,000	7,572,000	7,332,000	7,517,000	7,424,500
Women's Bureau	462,000	462,000	462,000	462,000	462,000
Wage and Hour Division	10,600,000	10,500,000	10,500,000	10,500,000	10,500,000
Total, Department of Labor	456,217,600	408,032,600	388,540,200	389,693,000	388,741,700

[Figures in brackets not added in totals]

Appropriation title	Appropriation, 1958	Budget estimate, 1959	House allowance	Senate allowance	Conference agreement
TITLE II. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE					
American Printing House for the Blind.....	\$328,000	\$400,000	\$400,000	\$400,000	\$400,000
Food and Drug Administration:					
Salaries and expenses.....	9,300,000	9,410,000	9,300,000	9,800,000	9,800,000
Certification, inspection and other services.....	[1,254,500]	[1,254,500]	Indefinite	Indefinite	Indefinite
Freedmen's Hospital.....	3,000,000	2,975,000	2,975,000	2,975,000	2,975,000
Gallaudet College:					
Salaries and expenses.....	730,000	785,000	785,000	815,000	815,000
Construction.....	1,690,000	123,000	123,000	123,000	123,000
Howard University:					
Salaries and expenses.....	3,800,000	4,000,000	3,900,000	4,000,000	3,953,700
Plans and specifications.....	150,000	171,000	123,000	123,000	123,000
Construction of buildings.....	262,000				
Construction of buildings, liquidation of contract authority.....		163,000	163,000	163,000	163,000
Office of Education:					
Promotion and further development of vocational education.....	33,750,081	33,750,081	33,750,081	33,750,081	33,750,081
Further endowment of colleges of agriculture and mechanic arts.....	2,501,500	2,501,500	2,501,500	2,501,500	2,501,500
Grants for library services.....	5,000,000	3,000,000	5,000,000	6,000,000	6,000,000
Payments to school districts.....	127,000,000				
School construction.....	98,650,000	850,000	750,000	850,000	800,000
Salaries and expenses.....	7,000,000	7,950,000	7,800,000	7,850,000	7,850,000
President's Committee on Education Beyond the High School.....	50,000				
Office of Vocational Rehabilitation:					
Grants to States and other agencies.....	46,500,000	50,600,000	50,600,000	51,600,000	51,600,000
Training and traineeships.....	4,400,000	4,800,000	4,800,000	4,800,000	4,800,000
Salaries and expenses.....	1,330,000	1,400,000	1,400,000	1,400,000	1,400,000
Public Health Service:					
Assistance to States, general.....	22,592,000	22,889,000	22,000,000	25,574,000	22,889,000
Grants to States.....	[15,000,000]	[15,000,000]	[14,500,000]	[15,000,000]	[15,000,000]
Grants for graduate training of public health personnel.....	[2,000,000]	[2,000,000]	[2,000,000]	[5,000,000]	[2,115,000]
Grants and special studies, Alaska.....	2,165,000	2,165,000	2,165,000	2,165,000	2,165,000
Construction of mental health facilities, Alaska.....		6,500,000	6,500,000	6,500,000	6,500,000
Venereal diseases.....	4,415,000	4,400,000	4,400,000	5,800,000	5,400,000
Grants to States.....	[1,700,000]	[1,700,000]	[1,700,000]	[3,000,000]	[2,600,000]
Tuberculosis.....	7,090,000	5,386,000	5,386,000	6,886,000	6,386,000
Grants to States.....	[4,500,000]	[3,000,000]	[3,000,000]	[4,500,000]	[4,000,000]
Communicable diseases.....	7,050,000	6,200,000	6,200,000	7,150,000	6,600,000
Equipment, communicable disease center.....		1,700,000	N. C.	1,700,000	1,700,000
Sanitary engineering activities.....	12,640,000	12,815,000	12,725,000	13,315,000	12,815,000
Grants for water pollution control.....	[3,000,000]	[3,000,000]	[3,000,000]	[3,000,000]	[3,000,000]
Grants for waste treatment works construction.....	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Grants for hospital construction.....	121,200,000	121,200,000	121,200,000	211,200,000	186,200,000
Salaries and expenses, hospital construction services.....	1,450,000	1,320,000	1,300,000	1,650,000	1,600,000
Hospitals and medical care.....	44,399,000	44,309,000	44,730,000	48,730,000	48,454,000
Grants for advanced training of professional nurses.....	[3,000,000]	[3,000,000]	[3,000,000]	[7,000,000]	[6,000,000]
Foreign quarantine service.....	3,876,000	3,983,000	3,983,000	4,233,000	4,108,000
Indian health activities.....	40,100,000	40,225,000	40,225,000	45,000,000	40,473,000
Construction of Indian health facilities.....	3,130,000	2,374,000	3,124,000	5,000,000	4,124,000
National Institutes of Health:					
General research and services.....	14,026,000	17,742,000	17,742,000	32,552,000	28,974,000
National Cancer Institute.....	56,402,000	55,923,000	57,423,000	81,129,000	75,268,000
Mental health activities.....	39,247,000	37,697,000	40,397,000	55,896,000	52,419,000
National Heart Institute.....	35,950,000	34,712,000	36,212,000	49,529,000	45,613,000
Dental health activities.....	6,430,000	6,293,000	6,543,000	7,923,000	7,420,000
Arthritis and metabolic disease activities.....	20,385,000	20,592,000	21,092,000	34,798,000	31,215,000
Allergy and infectious disease activities.....	17,400,000	17,497,000	17,997,000	26,500,000	24,071,000
Neurology and blindness activities.....	21,387,000	20,727,000	21,977,000	32,250,000	29,403,000
Subtotal, NIH.....	211,183,000	211,183,000	219,383,000	320,577,000	294,383,000
Grants for construction of research facilities.....	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Construction of general office building.....				9,625,000	9,625,000
Retired pay of commissioned officers.....	[1,500,000]	Indefinite	Indefinite	Indefinite	Indefinite
Construction of dental research building.....			3,700,000	3,700,000	3,700,000
National Library of Medicine (operating expenses).....	1,450,000	1,415,000	1,415,000	1,415,000	1,415,000
Construction of Library of Medicine facilities.....				6,950,000	6,950,000
Salaries and expenses.....	5,100,000	5,325,000	5,260,000	5,260,000	5,260,000
Total, Public Health Service.....	562,750,000	568,389,000	578,696,000	807,430,000	745,747,000
St. Elizabeths Hospital:					
Salaries and expenses.....	3,085,800	3,154,000	3,154,000	3,154,000	3,154,000
Major repairs and preservation of buildings and grounds.....	55,000	87,000	87,000	87,000	87,000
Construction.....	180,000	125,000	125,000	125,000	125,000
Social Security Administration:					
Bureau of Old-Age and Survivors Insurance.....	[138,690,000]	[133,300,000]	[133,300,000]	[133,300,000]	[133,300,000]
Bureau of Public Assistance:					
Grants to States.....	1,770,600,000	1,806,400,000	1,806,400,000	1,806,400,000	1,806,400,000
Salaries and expenses.....	1,900,000	2,040,000	1,980,000	1,980,000	1,980,000
Children's Bureau:					
Salaries and expenses.....	2,000,000	2,013,000	2,000,000	2,000,000	2,000,000
Grants to States for maternal and child welfare.....	41,500,000	41,500,000	42,500,000	43,500,000	43,500,000
White House Conference on Children and Youth.....		150,000	150,000	150,000	150,000
Office of the Commissioner.....	300,000	314,000	314,000	314,000	314,000
Transfer from OASI trust fund.....	[240,000]	[246,000]	[246,000]	[246,000]	[246,000]
Office of the Secretary.....	1,800,000	1,819,000	1,809,000	1,809,000	1,809,000
Transfer from OASI trust fund.....	[260,000]	[263,000]	[263,000]	[263,000]	[263,000]
Office of Field Administration.....	2,300,000	2,418,000	2,358,000	2,358,000	2,358,000
Transfer from OASI trust fund.....	[700,000]	[702,000]	[702,000]	[702,000]	[702,000]
Office of the General Counsel.....	500,000	505,000	505,000	505,000	505,000
Transfer from OASI and Food and Drug.....	[474,000]	[475,000]	[475,000]	[475,000]	[475,000]
Surplus property utilization.....	502,000	632,000	632,000	632,000	632,000
Total, Department of Health, Education, and Welfare.....	2,732,914,381	2,552,424,581	2,565,080,581	2,797,594,581	2,735,815,281
RELATED AGENCIES					
National Labor Relations Board.....	9,384,800	9,985,000	9,384,800	13,100,000	11,100,000
National Mediation Board:					
Salaries and expenses.....	500,000	520,000	520,000	520,000	520,000
Arbitration and emergency boards.....	250,000	250,000	250,000	250,000	250,000
National Railroad Adjustment Board.....	545,000	525,000	525,000	525,000	525,000
Railroad Retirement Board.....	[8,150,000]	[8,450,000]	[8,450,000]	[8,450,000]	[8,450,000]

the head of the Syrian Government 1 or 2 times, in which this matter was discussed. I had planned, and it was the desire of the President, I understand, to work with Mr. Johnston wherever I could in that area. Unfortunately, I could not stay any longer. I had been abroad about 3 months then. That area was the last part of my trip.

I had a strong feeling, based on what I had heard and what I had discussed with our own diplomats and with the representatives of various countries and with representatives of the refugee committees of the principal refugee camps—in fact, anybody who would talk to me about it—that a program just as I had suggested could probably be brought to the acceptance stage by the Arabs, and I was quite sure it would be accepted by Israel.

The first part of the plan was to provide for some kind of guaranty that the Arabs would not suffer from any aggression involving the loss of territory at the hands of Israel, and the same kind of guaranty that there would be no change of boundary lines as a result of aggression from the Arab States. The second part was the matter of reparation for loss of private property, much of which had fallen into the hands of Israeli nationals or the Government, and that the Israeli Government was willing to do something about it.

The plan recognized that at least there was some justice to the claim. The constructive thing to do is to find homes and opportunities for the refugees.

I visited with representatives of the Arabs, who were then living in Israel. There were about 180,000 who lived in the Nazareth area. I met with them on at least two occasions, and we had several hours of conference. I never will forget their plea, which was to use all the influence I had with the refugees on the outside to go somewhere else rather than to try to return to Israel. I was in full agreement that they should not return to Israel. They would not be happy there. Israel is an established fact. It is a government. It is a nation. It is recognized. There was no hope for those refugees if they went back into Israel, because there simply is not enough area to sustain the approximately 1 million Arabs in the camps, while sending the others back into Israel and keeping the other inhabitants there.

I worked with the people with whom I came in contact with respect to the reclamation projects. I found that the Jordan Valley project would be a very desirable one. I felt that, after probably rather prolonged negotiations, it would be possible to work out an agreement. I found those people were no tougher to get an agreement with than some of the western farmers. For instance, the States of California and Arizona have been at loggerheads for many years over water questions. I felt it was not an impossible situation.

The project would have taken care of only about 225,000 refugees, and I found that, by reason of births in the

camps, the refugees were increasing in number by about 30,000 a year. At the end of 10 years, which is about the time it would have taken to build the project and get it into operation, there would have been at least 300,000 more refugees. Since the project would take care of only 225,000, they would have been losing ground, rather than getting the problem solved.

I urged that an attempt be made to make arrangements in Iraq, where there was plenty of land and water, both not being used.

That area could be made a source of many homes and opportunities for the people. Such a program would strengthen the Iraq nation and would be beneficial in numerous ways. It would remove one of the principal causes—I do not say the only cause—of trouble.

It seems as though the Arab nationalist movement sort of coincided in a way with the establishment of the Republic of Israel. Since the two came together, a real problem has been presented. After all, the Arabs took a very humiliating defeat at the hands of the Israeli, when they declared war after the Republic had been established. That probably increased the desire to become strong as a nation, so that they could do something about the defeat.

I mention all of this to point out that there is an opportunity now to do something constructive. We are buying time. By sending our troops into Lebanon and the British sending troops into Jordan, we know we will never settle the issue finally, because there is a deep-seated Arab nationalism.

It is the fact that Israel is a state and is going to stay one. All the people of that area must live together as neighbors. We must devote our time and attention now, as rapidly as possible, to promoting some constructive programs which will help solve the problems. I feel that such can be done through reclamation projects.

I am not throwing any bones to Nasser. I simply say if Nasser wants to cooperate and is willing to cooperate, and all of these people are willing to sit down and confer together, the situation can be improved. It would help Nasser to have the Aswan Dam built and it might in a way be a victory for him, at the same time I found much poverty among the Egyptian people. For instance, on the farms a rather remarkable fact was brought to my attention by the minister of agriculture. He said, "Senator, do not get the idea that our people are lazy because you do not see them working on the farms after 10 o'clock in the morning." I became curious and I asked, "Why do they not work after 10 o'clock?" "Because," he said, "we have so many unemployed people in this country that we have sent them to the farmers, and we have required that the farmers employ them and keep them, and all of the work is done by 10 o'clock in the morning."

That is a situation which could be corrected. I think we could render a great service. We could carry a message of good will, to show we have respect

for the proper ambitions of the Arab nationalist movement, and at the same time we could help Israel become firmly established among the nations.

The big job is to establish good will among those people. We cannot do it alone by military acts, although that will buy time in which to act, unless something happens in the future to upset the entire situation.

Mr. JAVITS. I should like to add one point to the Senator's statement of facts. It must not be forgotten that all the Jewish population in effect, was ousted from practically all Arab countries, and their property confiscated. Israel has stated a willingness to compensate for the so-called sequestered lands. I do not think we can wipe out and forget the expulsion of these populations and the tremendous assets which were left.

Mr. WATKINS. I would not want to enter into the details of the settlement. Whatever offsets there may be should be considered.

Mr. JAVITS. The Senator did not mention that item.

Mr. WATKINS. It would take too long to go into all the details. I know there is another matter to come before the Senate, and I have still another speech to make.

Mr. JAVITS. I should like to make one further point. Let us remember that the United Nations proposal, had it been followed through, would have represented an equitable world judgment on the situation. The thing was broken wide open by the feeling on the part of the Arab states that they wanted to push what was then Israel into the sea. Be that as it may, all those things being in the record and being historic, I can tell the Senator from Utah that I will certainly do my utmost to make my contribution to taking hold of the Palestine-Arab refugee situation, because I believe at this particular stage it offers very real possibilities.

Mr. WATKINS. I thank the Senator.

Mr. JAVITS. I thank the Senator from Utah.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. WATKINS. Mr. President, we are now engaged in debate, or have been up until some time this afternoon, which will result in one of the major legislative decisions which must be made before the 85th Congress adjourns. That decision is whether the Reciprocal Trade Agreements Act of 1934 is to be extended again, and, if so, upon what basis; or whether it should be terminated. Without doubt, the intense interest in this matter has been high-lighted during the past few months by the economic slump and the large number of people, as a result, who have been unemployed.

Some able individuals have suggested that the recession was caused in part by our liberal trade policy; others have sug-

gested—and not without some fact on their side—that a more liberal trade policy would augment these forces in the economy making for recovery. This is a topic about which most people feel very strongly, one way or the other. For example, the western lead and zinc mining industry is convinced that the recession itself has only served to highlight the long-standing chronic unemployment which has existed for nearly a decade now. They are convinced that the basic cause of this definitely has not been the recession, but a trade and tariff policy which has permitted foreign competition to take away their domestic markets. They have, I might add, two unanimous findings of the United States Tariff Commission to substantiate their position.

Personally, I have always believed that mutually beneficial trade should be encouraged between this country and other free nations of the world.

I favor trade so long as it does not destroy American industry and agriculture. Because I believe the Congress will adopt reasonable provisions to strengthen the peril point and escape clause provisions of the present law, I shall vote for extension of the Trade Agreements Act.

This I am convinced can be done without jeopardizing the economies of our friends throughout the world. We must remember that more is involved in this matter than what is best for the United States from our own point of view. In this connection, I am impressed by the following statement contained in President Eisenhower's message of January 30, 1958:

Important as growing international trade is to our country, it is equally important to our allies and trading partners. For them it is indeed vital to the health and growing strength of their economies, on which their political stability and military power heavily depend. The assured future of the reciprocal trade program is necessary for our national security and for our entire foreign policy.

As a means of giving concrete expression to this policy, we have negotiated trade agreements with 43 countries—8 under bilateral agreements; 35 under GATT. Of the concessions granted by the United States under these agreements, about 40 percent are duty reductions, and about 60 percent are what are known as bindings of import treatments. In most cases these insure duty-free importation of certain products. As a result, more than one-half of our imports enter duty free. Our average tariff rates, as measured by the percentage of custom receipts to total exports, are now the lowest that they have been in this country.

The proponents of the House-passed bill, H. R. 12591, have pointed out in connection with tariff concessions that in all of the renegotiations of tariff concessions, "new concessions have been granted by the countries modifying their schedules with the result that the new schedules are maintained at an overall level at least as favorable to trade as that existing when the agreement was first negotiated"—House report, pages 90-91. While this may be true, foreign countries have resorted to other devices which have had the effect of limiting

United States exports and excluding them from foreign consumption.

I am impressed by the conclusion reached by the Senate Finance Committee in this connection. Consider the following statement contained in the committee report on H. R. 12591:

The committee views with concern the large number of our trade barriers constantly arising in countries with which the United States has friendly trade relations. Sharp increases in duty, the imposition of license or quota controls, exchange controls involving multiple categories and differential rates, purchase arrangements that discriminate against the United States, special taxes, fees or charges added to duties, and many others are being noted (p. 3).

It is for this reason, Mr. President, that we should follow the intended progress of the peril point and escape clause provisions of the present law. International trade, if it is to be mutually beneficial, must be based upon reciprocity. The only vehicle which we can rely upon to gain reciprocal treatment is vigorous enforcement of the escape clause.

The original act of 1934 contained no safeguard to protect domestic interests which had to compete for domestic markets with expanding imports. This is evident from the language of the act itself, under which the President was authorized to enter into agreements calling for mutual modification of import restrictions, "for the purpose of expanding foreign markets for the products of the United States by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States."

Today 70 percent of our exports consist of manufactured goods shipped in the forms in which they are consumed abroad. By contrast less than 20 percent of our imports consist of such goods. Over 80 percent consist of raw materials—materials and crude foodstuffs.

No wonder many domestic industries, including our minerals industries, are demanding that the Congress place reasonable restrictions upon foreign imports and that the escape-clause procedures be amended to provide effective relief. Nor has this discrimination against our domestic raw materials industries gone unnoticed by foreign countries which would like to ship us more of their manufactured products. The Canadian Minister of Finance in an address to the Investment Bankers Association of America only last December, stated:

That the United States ought to modify policies which impede Canadian sales to the United States. Canada's purchases from the United States in a considerable measure comprise finished goods. The nature of the United States tariff, however, not unlike others, is such as to discourage the importation of finished products. Much of the total of Canada's sales to the United States consists of raw industrial materials. While we Canadians are glad to have a market in the United States for much of our surplus pro-

duction of industrial raw materials, nevertheless we are not content merely to dig these materials out of our soil for export to other countries to be fabricated there into finished products, many of which we are then invited to buy back. We should like to see the United States administration and Congress take serious account of the heavy unbalance of the trade between these two countries and also of the way in which United States tariff policies are excluding Canadian finished products from the United States market.

On the other hand, Mr. President, is it any wonder that some export-minded segments of our economy, which want cheaper raw materials, are urging Congress to extend the act for 10 years, or indefinitely, and to eliminate the escape-clause provisions entirely?

Is it any wonder that this selfish portion of the American business community uses the slogan "Trade, not aid" as an argument for still lower tariffs and other concessions, when such economists as Jacob Viner, Princeton University's international trade expert, and Willard L. Thorp, Amherst College economist and former Assistant Secretary of State for Economic Affairs under President Truman, have told congressional committees that even complete free trade would not, "create a great volume of trade"?

Conversely, my contacts convince me that only a few of those who object to an extension of the trade program act do so with the idea that there should be higher tariffs and other controls on all imported commodities. This is not the case at all. Most of those who do object to the program, or have reservations about it, are convinced that there is a necessity of protecting those domestic industries which may be damaged, and which are entitled to help in that event, so that they can at least be placed on an even competitive basis with their foreign competitors.

It was with this latter thought in mind that I, as a member of the 1956 Republican national convention platform drafting committee, helped draft the following plank.

Recognizing economic health as an indispensable basis of military strength and world peace, we shall strive to foster abroad and to practice at home, policies to encourage productivity and profitable trade.

Barriers which impede international trade and the flow of capital should be reduced on a gradual, selective, and reciprocal basis, with full recognition of the necessity to safeguard domestic enterprises, agriculture and labor against unfair import competition. We proudly point out that the Republican party was primarily responsible for initiating the escape-clause and peril-point provisions of law to make effective the necessary safeguards for American agriculture, labor, and business. We pledge faithful and expeditious administration of these provisions.

I firmly believe that if the escape-clause provisions were faithfully and expeditiously enforced most of the opposition to the reciprocal trade program would disappear. On March 17 of this year I wrote the President in this regard. After quoting the foreign trade plank from the Democratic party's 1956 platform, which does not mention the escape clause, I quoted the applicable

plank from the Republican party's platform of that year, which I have just read, and then went on to say, in part, as follows:

Let me repeat that I believe the pathway ahead for the reciprocal trade extension would be much easier to negotiate if real life and meaning were given to the reciprocal trade provisions of the law. Again, may I say that the escape clause was only for the occasional industry and not meant for the whole economic front.

In his reply of March 21, 1958, the President replied, in part, as follows:

Many thanks for your very thoughtful and fine spirited letter of March 17 about trade matters. * * *

I have sought conscientiously to administer the escape clause during the years of my Presidency and I shall continue to do so in the future under such extension of the act as the Congress passes. It was for the purpose of administering this provision of the act more effectively that I have asked the Congress for authority to raise rates in cases of demonstrated injury to a level of 50 percent above the Smoot-Hawley rates which were in effect when the trade agreements legislation was initially enacted.

Mr. President, I ask unanimous consent that this exchange of correspondence between the President of the United States and myself be printed in the RECORD at the conclusion of my remarks, so that all Members may have access to the entire contents.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. WATKINS. Mr. President, whether even this provision, which is contained in the Senate committee bill, would be sufficient to provide adequate relief to some industries, such as lead and zinc, is open to question. Nevertheless, it constitutes a positive proposal by the President in keeping with the 1956 Republican platform pledge of faithful and expeditious administration of the escape clause.

In spite of the fact that the President has leaned very heavily on the advice of the State Department with respect to even domestic trade matters insofar as they affect foreign commerce, much of which advice has not always been sound in my opinion, I believe the President has personally attempted to do a conscientious job in administering the escape clause during the years of his Presidency.

I have discussed this question with him a number of times and I know how keenly he feels on these matters, and I have his recent personal assurance as stated in the letter to me under date of March 21, 1958, which I have already referred to. With such assurances and with the deep confidence I have in the President's personal integrity, I am supporting his request for an extension of the Trade Agreements Act which does delegate to him great power in making decisions with respect to whether or not domestic industry has been injured and what, if anything, shall be done about it under the conditions which may prevail in the international field.

I believe that the President has made some mistakes in relying too heavily on advice from the State Department. But these mistakes, I am convinced, are mistakes of judgment and do not involve bad faith in any degree whatsoever.

I have confidence in the President that he will keep his commitment in this respect in the years remaining in his term of office. I believe the record indicates that in general he has tried to conscientiously administer the escape clause as the Congress intended.

Of considerable interest in this regard in this statement by Secretary Weeks before the Senate Finance Committee:

There has been criticism of the operation of the escape-clause provisions, so let us examine the record to date. The fact is that most unsuccessful escape-clause applicants failed to obtain action because they did not make a case for injury in their appearance before the Tariff Commission. Since the institution of escape-clause procedure, of the 87 cases filed with the Tariff Commission, 54 cases were either dismissed at applicant's request, terminated without finding or rejected by the Commission. Three are still pending. The remaining 30 cases were sent to the President with a recommendation for action.

These 30 cases which were presented to the President by the Tariff Commission involved 26 commodities. Of the 26, 2 are still pending; and of the remaining 24 cases, the President has taken action in 12—in 10 by accepting the Tariff Commission recommendations and in 2 by other appropriate means.

It is indeed a tribute to the operation of the Trade Agreements Act that while we have made concessions on about 3,000 items that move in world trade, over a 5-year period only 26 commodities reached the President's desk under escape-clause procedure.

In each case where he decided not to invoke the escape clause, the President documented fully and publicly his reasons. In some cases the President concluded that serious injury as a result of imports had not been demonstrated; in others, that the proposed tariff increase would not remedy the situation in any significant way. While basing his decisions primarily on these considerations, the President—whose responsibility it is to conduct the foreign relations of the United States—obviously also had to weigh the effects of particular actions on our relations with other nations, on our alliances, and on our military security itself.

In this connection, it should be noted that now and again overriding considerations of foreign policy may necessitate, even though an industry ought to have and is entitled to relief via the escape-clause route, that other means must be utilized to assist an industry adversely affected by our trade policy. No matter how sympathetic we may be to the cause of an occasional industry in these matters, it seems to me we simply must resolve the issue on the side of national security and other considerations when our foreign policy would be so affected by escape-clause action as to adversely affect more universal considerations.

The President is aware of the need for balancing foreign-policy considerations along with matters of domestic concern in escape-clause actions. This is evident in my judgment by the fact that in November 1957 he issued an executive

order establishing a Trade Policy Committee composed of the Cabinet members with the Secretary of Commerce as its Chairman. The purpose of the Trade Policy Committee is to recommend to the President basic policies for the administration of the Trade Agreements Act.

Now that we have such a policy committee at the cabinet level, I believe that other domestic considerations as well as the State Department's point of view will be expressed and given adequate recognition by the President in escape-clause actions.

In the case of lead and zinc, for example, no one has been more concerned than I or tried harder than I have to find a solution to the problems of that industry, which stem from our trade policy. There can be no question that this industry merits escape-clause relief from the adverse effects of our trade program.

The Senate recognized this fact when it passed S. 4036, the minerals stabilization bill, only a few days ago. The President of the United States also recognized this fact in his June 20, 1958, announcement that he was suspending consideration at that time of the recommendations of the Tariff Commission in the escape-clause case involving this industry.

In the case of lead and zinc the President has suggested that at this time, in his judgment, the escape-clause route is not the appropriate one, all other factors considered, to give the needed relief.

The announcement of June 20 stated:

Early action by the Congress on this plan (S. 4036), which offers a more effective approach to the problems of the lead and zinc industries, would help assure a healthy and vigorous minerals industry in the United States.

Under the circumstances we had no choice but to pass that bill. The lead and zinc industries should not have to bear the entire cost of foreign policy considerations which mitigate against escape-clause relief, as I stated in my talk in support of S. 4036:

The mining industry has proposed, and I have championed, tariff and import quota action to remedy this situation. This action would nullify the unfavorable conditions under which the industry is now forced to operate and would insure the domestic industry an adequate share of the domestic market.

However, the administration has taken the position that the imposition of quotas, as recommended by 3 of the 6 Tariff Commissioners in the recent escape-clause decision, would seriously impair international relations in these difficult times, and would adversely affect us economically as well. This position apparently has concurrence in the Congress, in view of the heavy House majority which voted for extension of the Trade Agreements Act, with additional authority to further reduce domestic tariffs.

Under these circumstances, the Senate Interior Committee accepted the subsidy proposal of the Secretary of the Interior, Fred A. Seaton, who has worked valiantly to achieve some form of effective relief for the domestic mining industry.

I think my colleagues are well aware of my feelings about subsidy programs in general. I most reluctantly accepted cosponsorship of this measure as a last-gasp remedy.

And in offering this legislation, I do so not as a gratuity to the mining industry,

but as a gratuity to the foreign-trade program. The subsidy involved in this program should be considered as a cost of the foreign-trade program, because it is being offered as an alternative to the imposition of tariffs and quotas to give a strategic industry essential protection and equal access to domestic markets.

As a subsidy to the trade program, it does not appear to be unreasonable.

But of one thing I would caution everyone interested in this particular problem. The President has never denied the necessity of helping this industry, but his method of helping is not, at this time at least, to be through the escape clause route. So that there can be no doubt on this point, Mr. President, I ask unanimous consent to have printed at this point in my remarks a Tariff Commission press release dated June 20, 1958, which contains the President's letter to the chairman of the House Ways and Means and Senate Finance Committees, indicating he was suspending consideration, at that time, of the Tariff Commission's recommendations for escape clause relief for the lead and zinc industry.

There being no objection, the press release was ordered to be printed in the RECORD, as follows:

WHITE HOUSE STATEMENT CONCERNING THE PRESIDENT'S ACTION ON LEAD AND ZINC

There is reproduced below the White House announcement concerning the President's action of June 19, 1958, on the Tariff Commission's report on lead and zinc.

"The President announced today that he was suspending his consideration at this time of the recommendations of the United States Tariff Commission in the escape clause case involving lead and zinc.

"A final decision would be appropriate, the President said, after the Congress completed its consideration of the minerals stabilization plan presented with his approval by the Secretary of the Interior. Early action by the Congress on this plan, which offers a more effective approach to the problems of the lead and zinc industries, would help assure a healthy and vigorous minerals industry in the United States.

"The President set forth his conclusion in identical letters to the chairmen of the House Ways and Means and Senate Finance Committees. The text is as follows:

"DEAR MR. CHAIRMAN: Under section 7 of the Trade Agreements Extension Act of 1951, as amended, the United States Tariff Commission reported to me on April 24, 1958, its finding that the domestic producers of lead and zinc were experiencing serious injury. The Commission was evenly divided on its recommendation for remedial action. Three of the Commissioners recommended maximum increases in tariffs with quantitative limitations. The other 3 Commissioners recommended an increase in tariffs to the 1930 rates without quantitative limitations of any kind.

"I am suspending my consideration of these recommendations at this time. A final decision will be appropriate after the Congress has completed its consideration during this session of the proposed minerals stabilization plan which was submitted by the Secretary of the Interior with my approval. This plan offers a more effective approach to the problems of the domestic lead and zinc industries, and in view of their urgent needs, it is hoped that the Congress will act expeditiously on this plan to help assure a healthy and vigorous minerals industry in the United States.

"Sincerely,

"DWIGHT D. EISENHOWER."

Mr. WATKINS. Mr. President, there are other industries which undoubtedly have, are, and yet will be adversely affected by our trade policy concessions and growing restrictions abroad upon use of our exports.

In my judgment, the Congress should now take prompt action to make the escape clause more effective. In addition to the provision contained in the House bill, and the Senate Finance Committee version, which would permit the President to impose duties up to 50 percent of 1934 level instead of the 1945 level, I believe it is important that Congress return to itself a measure of control over escape clause actions.

Personally, I favor the escape clause procedure modifications contained in section 6 of the House bill, with respect to finality of recommendations made by the Tariff Commission, except that instead of a two-thirds vote, a majority vote of each House in favor of the action recommended by the Tariff Commission should give such findings the effect of law. In effect, the Senate bill would subordinate the President to considerations of domestic policy only.

In my judgment, the President should have final power in view of what may be overriding international considerations, unless a majority of Congress—a consensus of opinion in the Congress—holds to the contrary. On the other hand, no industry ought to be required to obtain the support of more than a majority of the Congress to approve a Tariff Commission recommendation when the President disapproves, in whole or in part, a Tariff Commission recommendation, based upon foreign policy considerations.

It is difficult enough for any industry to obtain a majority vote on normal legislation such as S. 4036, the minerals stabilization bill, let alone a two-thirds vote in an escape clause "referendum" when the President, for reasons of international diplomacy or national security, does not accept the findings of the Tariff Commission.

For these reasons I shall vote to amend the Senate Finance Committee bill to eliminate the changes in the escape clause procedure which it makes. If this can be done, it is my sincere hope that the House and Senate conferees will adopt the section 6 of the House bill with the two-thirds voting requirement reduced to a simple majority, as I have already suggested in my opinion should be done.

EXHIBIT I

MARCH 17, 1958.

The Honorable DWIGHT D. EISENHOWER,
President of the United States,
The White House, Washington, D. C.

MY DEAR MR. PRESIDENT: Some time ago at a conference which you were kind enough to permit me to have with you, I mentioned incidentally the matter of international reciprocal trade and the effect it was having upon some of our own industries in the United States. That was only incidental to my main purpose at that time.

I am afraid I left a rather unfavorable impression upon you in the brief way it was mentioned.

I am advised through the press that in a very short time you intend to make a speech on world trade and its meaning and

benefits to this country, as well as the free world.

For the purpose of being helpful, and for no other reason, may I call your attention to a number of matters that may possibly have escaped your attention. First let me quote from the Democratic national platform of 1956:

"The Democratic Party has always worked for expanding trade among free nations. Expanding world trade is necessary not only for our friends, but for ourselves; it is the way to meet America's growing need for industrial raw materials. We shall continue to support vigorously the Hull reciprocal-trade program.

"Under Democratic administrations, the operation of this act was conducted in a manner that recognized equities for agriculture, industry, and labor. Under the present Republican administration, there has been a most flagrant disregard of these important segments of our economy resulting in serious economic injury to hundreds of thousands of Americans engaged in these pursuits. We pledge correction of these conditions."

Following that, Mr. President, I quote from the Republican national platform of 1956, which I understand was approved by you and your advisers:

"Recognizing economic health as an indispensable basis of military strength and world peace, we shall strive to foster abroad and to practice at home, policies to encourage productivity and profitable trade.

"Barriers which impede international trade and the flow of capital should be reduced on a gradual, selective, and reciprocal basis, with full recognition of the necessity to safeguard domestic enterprises, agriculture, and labor against unfair import competition. We proudly point out that the Republican Party was primarily responsible for initiating the escape-clause and peril-point provisions of law to make effective the necessary safeguards for American agriculture, labor, and business. We pledge faithful and expeditious administration of these provisions."

I was a member of the Republican platform drafting committee, and as such was very much interested in this Republican plank—in fact I helped draft that section. I am mentioning this subject because I think it may help in connection with the problem of securing congressional approval of an extension of our reciprocal trade agreement program.

Senators who come from States such as mine are naturally required by the necessities of the industries in our States to secure all the protection possible to keep these industries in operation.

In my conversation with you I mentioned the lead-zinc problem and the fact that most of our lead-zinc mines are now closed following the termination of the stockpiling program which was recently in effect and which was ended because the stockpiles had been filled.

At the outset may I say that only a few of those who object to an extension of the reciprocal trade program do so with the idea that there should be higher tariffs on all American-produced commodities. Personally, I believe in wide and extensive international trade, but I believe in all industries we should be in a position to compete on even terms with industries from abroad where the standards of living are not so high and where labor costs in some instances are only about one-tenth what they are in this country. I think that is the view of most of those who generally believe as I do.

The escape clause which is mentioned in the Republican plank, to which I referred, is based on the necessity of protecting only those occasional industries in this country which may be damaged and which are entitled to help in that event so that they at least can be placed on an even basis of competition with their foreign competitors.

If the escape clause, of which we are rather proud, as declared in the above plank, would be faithfully and expeditiously enforced, I think most of the opposition to the reciprocal trade program would disappear.

As matters now stand, even though the Tariff Commission finds that one of our industries is being damaged—as for instance lead and zinc—the amount of relief than can be granted by restoring the old tariff would be insufficient in the face of the much higher costs of today.

In the communication you sent to the Congress and in the communication sent by Secretary of Commerce Weeks accompanying yours, it was pointed out that we might go back to 1934 and the tariff of that date as a possible ceiling for aid, over the tariff which was in effect when the reciprocal trade treaty program was first adopted when Cordell Hull was Secretary of State.

I had this statement checked by some of my mining people, and they say that the tariff provided in the Trade Act of 1934, even if that was used as the ceiling, would not give us sufficient protection for our industries now in peril, partially because of the much higher costs we have today in relation to the prices received for the commodity.

In other words, in my humble opinion it is necessary that the ceiling be raised so that real protection can be given under the escape clause if the Tariff Commission finds that our American industries complaining are really being damaged or threatened with destruction.

Let me repeat that I believe the pathway ahead for the reciprocal trade extension would be much easier to negotiate if real life and meaning were given to the reciprocal trade provisions of the law. Again, may I say that the escape clause was only for the occasional industry and not meant for the whole economic front.

May I hope that you will be able to give this some consideration in any forthcoming statements you may make on this problem.

With all good wishes, I am,

Sincerely,

ARTHUR V. WATKINS,
United States Senator.

THE WHITE HOUSE,
Washington, March 21, 1958.

The Honorable ARTHUR V. WATKINS,

United States Senate, Washington, D. C.

DEAR ARTHUR: Many thanks for your very thoughtful and fine spirited letter of March 17 about trade matters.

In making my proposals for the extension of the trade agreements legislation, I specifically sought to accord the possibility of greater relief to industries establishing injury under the escape-clause provision. If the Congress accepts my recommendation in this regard, tariffs can be raised in meritorious cases not only to the 1934 levels, as you say in your letter, but to 50 percent above those levels. This recommendation was reached after very searching consideration throughout the whole administration as to how we could improve the provision for relief without jeopardizing the whole program. As you know, I have been attacked roundly for including this recommendation in my proposals by those who are more on the free trade side.

I have sought conscientiously to administer the escape clause during the years of my Presidency and I shall continue to do so in the future under such extension of the act as the Congress passes. It was for the purpose of administering this provision of the act more effectively that I have asked the Congress for authority to raise rates in cases of demonstrated injury to a level 50 percent above the Smoot-Hawley rates which were in effect when the trade agreements legislation was initially enacted.

I know of your work at the convention in 1956 in helping to draft the plank in the platform dealing with trade. I was

grateful for your assistance then and I sincerely hope that we can continue to have your support for a trade policy that makes sense for the Nation and is not unmindful of the special problems posed by foreign competition for some sectors of the economy.

With warm regard,

Sincerely,

DWIGHT D. EISENHOWER.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Ratchford, one of his secretaries, and he announced that on today, July 18, 1958, the President had approved and signed the following acts:

S. 602. An act to provide for the acquisition of additional land to be used in connection with the Cowpens National Battle-ground site;

S. 832. An act for the relief of Matilda Strah;

S. 1593. An act for the relief of Elisabeth Lesch and her minor children, Gonda, Norbert, and Bobby;

S. 1832. An act to authorize the appointment of one additional Assistant Secretary of State;

S. 1901. An act to amend section 401 of the Federal Employees Pay Act of 1945, as amended;

S. 1975. An act for the relief of Peder Strand;

S. 2108. An act to amend the Public Buildings Act of 1949, to authorize the Administrator of General Services to name, rename, or otherwise designate any building under the custody and control of the General Services Administration;

S. 2109. An act to amend the act extending the authorized taking area for public building construction under the Public Buildings Act of 1926, as amended, to exclude therefrom the area within E and F Streets and 19th Street and Virginia Avenue Northwest, in the District of Columbia;

S. 2318. An act to provide for the conveyance of certain land of the United States to the city of Salem, Oreg.;

S. 2630. An act to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment, and to provide certain services to the Girl Scouts of the United States of America, and to permit use of certain lands of the Air Force Academy for use at the Girl Scout senior roundup encampment, and for other purposes;

S. 2638. An act for the relief of Nicholas Christos Soulis;

S. 2665. An act for the relief of Jean Kouyoumdjian;

S. 2944. An act for the relief of Yoshiko Matsuhara and her minor child, Kerry;

S. 2950. An act for the relief of Peter Liszczynski;

S. 2964. An act granting the consent and approval of Congress to a compact between the State of Connecticut and the State of Massachusetts relating to flood control;

S. 2965. An act for the relief of Taeko Takamura Elliott;

S. 2984. An act for the relief of Taka Motoki;

S. 3019. An act for the relief of Herta Wilmersdoerfer;

S. 3080. An act for the relief of Kimiko Araki;

S. 3159. An act for the relief of Cresencio Urbano Guerrero;

S. 3172. An act for the relief of Ryfka Bergmann;

S. 3173. An act for the relief of Prisco Di Flumeri;

S. 3175. An act for the relief of Giuseppina Fazio;

S. 3176. An act for the relief of Teofilo M. Palaganas;

S. 3269. An act for the relief of Mildred (Milka Krivec) Chester;

S. 3271. An act for the relief of Souhall Wadi Massad;

S. 3272. An act for the relief of Janez (Garantini) Bradek and Franciska (Garantini) Bradek;

S. 3358. An act for the relief of John Demetriou Asteron;

S. 3364. An act for the relief of Antonios Thomas;

S. 3431. An act to provide for the addition of certain excess Federal property in the village of Hatteras, N. C., to the Cape Hatteras National Seashore Recreational Area, and for other purposes; and

S. 3506. An act to authorize the transfer of naval vessels to friendly foreign countries.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. THURMOND in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, and withdrawing the nomination of Richard H. Waldum, to be postmaster at Black River Falls, Wis., which nominating messages were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

LANDS AND NATIONS IN THE U. S. S. R.

Mr. FREAR. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Lands and Nations in the U. S. S. R.," written by Dr. Lev E. Dobriansky, which originally appeared in the March 1958, issue of the Ukrainian Quarterly.

Dr. Dobriansky is a professor at Georgetown University, and is chairman of the Ukrainian Congress committee of America.

There being no objection, the article was ordered to be printed as follows:

LANDS AND NATIONS IN THE U. S. S. R.

(By Lev E. Dobriansky)

There are basically two ways of treating the involved subject of Lands and Nations in the U. S. S. R. One is a detailed description of the geography, climate, and peoples of the Soviet Union, a sort of travelogue winding up more often than none in a swamp of statistics and disconnected facts. For our purposes this would be too elementary an approach, accomplishing no more than perhaps a hundred visits to the Soviet Union and still not arriving at a fundamental knowledge and understanding of its lands and nations.

The second way of developing this subject is an institutional analysis of our subject which can show how the lands and nations came to be what they are in the present framework in order to grasp their significance for our actions in the present and for the future. It is an approach by which the lands and peoples are functionally understood in a working conception of historical movement that serves to furnish both background and perspective. As one cannot truly come to know a person by his surface appearance and transient utterances, so with societies, empires, states, and nations it is sine qua non to perceive the background, the habits, the fibres of traditional force, the living past in the object of our concern. Material resources are important, but peoples and nations which de-

termine the level of resources are vastly more important. Indeed, the ultimate weapon is man, not what he devises.

In applying this institutional analysis to the Soviet Union our aim is to arrive at a meaningful pattern of understanding, applicable and usable for action in the cold war, a hot war, and also in a period of reconstruction. At no cost to accuracy and objectivity, this compact analysis is admittedly adapted for national security policy consideration in scrupulous line with our own traditions. Among other things it will seek to provide an empirical basis for a single moral and political standard guiding and justifying our actions in both the Russian Communist Empire and the free world. Primarily, this analysis is directed against the many grave misconceptions currently imprisoning the thoughts of numerous high-ranking people with regard to Soviet Union.

CURRENT MISCONCEPTIONS ABOUT THE SOVIET UNION

Now what are these gross misconceptions upon which some presume to base our policies? The first and foremost is that the U. S. S. R. is Russia. One may perhaps excuse the average journalist for notoriously perpetuating this myth and all the errors it entails, but it is clearly unpardonable for any responsible official to reveal his limitations by committing this basic error. Russia, the homeland of the Russian people, is no more coincident with the U. S. S. R. than the United States is with North America. A second misconception has the Soviet Union as a nation, with Soviet people, a Soviet society, a Soviet economy, and a Soviet political system. Here, too, the Soviet Union is no more a nation than was the British Empire, and whether many realize it or not, these monolithic terms, which readily serve the semantic purpose of blurring the real, diverse, and distinctive elements in the Soviet Union, have for some time been the stock of Moscow's terminology for export. The true meaning of "soviet," as a council of workers, is not even any longer recognizable.

From these two main misconceptions many others evolve. For example, how often have you heard that the U. S. S. R. is like the United States, "a country of many nationalities and ethnic groups," some 177 of them; or that, like the United States, the Soviet Union has its "national minorities, the great Russians constituting the majority"; or that the U. S. S. R. is a federal union like ours, Byelorussia being a counterpart of Massachusetts or, as the expert Mr. Kennan would have it, Ukraine a counterpart of Pennsylvania. These notions have as much meaning as those harbored by many uncritical Americans only a decade ago that the Constitution of the U. S. S. R. is actually like ours and that in many respects the U. S. S. R. is a democracy like ours. They bear as much validity in fact and history as the baseless assertions that "the Soviet Union was formed 40 years ago," that "Kiev, Kharkiv, Baku are Russian cities," that "there are the Russian peoples," and that there is even a gross national product of the Soviet Union, which again suggests the fiction of a Soviet nation.

The greatest part of anyone's education is devoted to a proper and accurate identification of things and events. If an address or lecture contained remarks to the effect that the United States was formed in 1795 or that Warsaw or Helsinki is a Russian city, you would probably have prudent doubt about the interpretations and judgment of the speaker. Doesn't it follow with equal force of logic that if these misconceptions about the Soviet Union prevail, interpretations that follow can only be accepted with similar doubt. In fact, as the Nazi experience in the U. S. S. R. well attests, plans and policies based on flagrant misconceptions invite only

disaster. It is a truism that we cannot afford to misidentify the sources of the enemy.

If these are the ruling misconceptions, then the importance of this institutional analysis becomes manifestly evident. It can be significant for every concourse of our national activity in relation to the U. S. S. R., be it diplomatic, military, economic, political, or psychological. Above all, the analysis penetrates at the very base of the Communist empire, indicating its strengths and weaknesses. Although admittedly there are several points of vulnerability and weakness in the Soviet Union—economic and sociologic in character—the force of nationalism in the U. S. S. R. is, in my judgment, the most dangerous for Moscow; and this despite the shifting opinions of the late Admiral Stevens and others. Thus our analysis cannot be undertaken in the usual historical vacuum, captioned by such rhetorical vagaries and clichés as "the fight against communism and Marxism-Leninism." For an understanding of lands and nations, history is vital and indispensable in order to stave off all sorts of institutional hiatuses and ideologic simplisms. In short, as the Russian scholar, Nicholas Berdyaev, rightly warns in his classwork on *The Origin of Russian Communism*, "It is particularly important for Western minds to understand the national roots of Russian communism and the fact that it was Russian history which determined its limits and shaped its character. A knowledge of Marxism will not help in this."

THE INSTITUTIONAL BACKGROUND OF THE U. S. S. R.

Let us then look into these roots, into this institutional background of the U. S. S. R. One of the most misleading illusions is that the Bolshevik Revolution represented a break with Russia's past and uniquely initiated a new and dangerous society. It is the height of unrealism to believe that any such institutional hiatus is achievable in the evolution of a social organism. The eminent Russian historian, Peter A. Struve, well points out that "The roots of the Russian revolution are deeply imbedded in certain basic facts and processes of Russian history."¹ In a perspective view down to the present, these processes can be basically summed up in three overall and predominant secular features: (1) imperial expansionism and conquest of nations, (2) totalitarian authoritarianism and tyranny, and (3) an institutionalized Messianism expressed in a variety of ideologies.

Considering the first imposing feature of the Czarist past and the Communist present, probably no definition of it surpasses the one offered by Secretary of State Dean Acheson on June 26, 1951 before the House Foreign Affairs Committee:

"Historically, the Russian state has had three great drives—to the west into Europe, to the south into the Middle East, and to the east into Asia. Historically, also, the Russian state has displayed considerable caution in carrying out these drives. * * * The Politburo has acted in the same way. It has carried on and built on the imperialist tradition. What it has added consists mainly of new weapons and new tactics. * * * The ruling power in Moscow has long been an imperial power and now rules a greatly extended empire. This is the challenge our foreign policy is required to meet. It is clear that this process of encroachment and consolidation by which Russia has grown in the last 500 years from the Duchy of Muscovy to a vast empire has got to be stopped."

A glance at any political map covering this imperialist expansion to 1914 is sufficient for one to appreciate the old Russian saying, "Russia grows larger and larger."

¹ *Social and Economic History of Russia*, Paris, 1952, preface.

Tolstoy put it this way: "Russia is the Continent and Europe its peninsula." A review of a condensed record of Russian imperialist expansion shows vividly that there really is nothing new in the drives of present-day Moscow. The three chief directions—west, south, and east—the frequency of wars and aggressions, the eternal peace gestures followed by broken treaties, constant meddling in the affairs of other states, the tactic of alternation—first west, then east, west, and then south—and the relentless conquest of nations form an unmistakable legacy for the heirs of the czars. Fortunately American scholars are beginning to realize this. In one of the soundest books on this subject, Dinko Tomasic, in his work on *The Impact of Russian Culture on Soviet Communism*, captures the meaning of this institutional foundation of the U. S. S. R. when in reference to "expansion, greatness of the state, ideas of grandeur, and Messianic ideas of world redemption or world domination," he accurately concludes, "this tendency toward exhibitionism and ideas of greatness was manifested also in the glorification of Russia, and the belief in the sacredness of its exalted mission in the world."

Now let us consider the second institutional basis of Russian communism, that of totalitarian authoritarianism and tyranny. Usually without defining what they mean, people ascribe to communism certain institutional forms which, significantly, are deeply rooted in the traditional Russian base of so-called Communist institutions. For policy and political action, the importance of grasping this institutional Russian continuum cannot be too strongly emphasized. With only differences in degree due to technology and bureaucratic skill, totalitarian authoritarianism and tyranny—by which are meant thought and act aimed at the subordination of institutions and persons to a centrally dictating will—are not the mutational product of any Communist innovation in ethnic Russia. They, too, have their firm roots and experience in the cumulative tradition of Russian institutions.

Thus when one reads the reflections of de Tocqueville or Journey for Our Time of the Marquis de Custine, two able observers in the last century, one cannot but be impressed by the truth of this continuum. In his classic, *Democracy in America*, de Tocqueville observes: "The American struggles against the natural obstacles which oppose him; the adversaries of the Russian are men; the former combats the wilderness and savage life; the latter, civilization with all its weapons and its arts; the conquests of the one are therefore gained by the plowshare; those of the other by the sword." Supplementing this reflection today, one may add that there can be no greater danger to civilization than the combination of modern technology and a barbaric scheme of institutions as found in the U. S. S. R. As so vividly shown by de Custine, it is a traditional scheme supported by the submissiveness, servility, and humility of the beaten Russian masses whose wounds have been largely palliated by dreams of the deliverance of the entire world. Russian history is replete with many writers of the stature of Timofeev and Nekrasov who have rebelled against this chronic submissiveness to authoritarian rule.

A systematic enumeration of the paramount institutional forms of traditional Russian totalitarianism will further demonstrate, except for degree and magnitude, the substantial identity of these forms in the past and present. The first form is statism and all that it entails in the way of leader worship, state dominance, parasitical bureaucracy, policy of concessions and the like. The far-flung importance of the state in the U. S. S. R. is self-evident. But what is not evident to many is the fact that statism has always been typical of "holy Mother Rus-

for from Georgia [Mr. RUSSELL] the Chairman of the Committee on Armed Services, I commented upon the same subject.

I am glad to see in the bill on which we shall vote in a short time, I trust, that the National Guard is recognized and is included as a component part of the first line of the defenses of our country.

Mr. THURMOND. In the bill the National Guard Bureau would be provided by statute. Heretofore, this has not been the case. The creation of such a bureau should be a stimulus and an impetus to the building of a stronger National Guard.

Mr. REVERCOMB. One of the great things about the National Guard is that they are volunteers. They are men who serve at their own choosing. They are men who take pride in their service.

Mr. THURMOND. That is correct. I thank the distinguished Senator from West Virginia for his remarks. The National Guard and the Reserves spend time each week in training. They give many hours to preparing themselves to serve their country in the event an emergency comes.

When many persons are in their homes, enjoying television, or enjoying sports, or relaxing, the National Guard and the Reserves are training to be ready for an emergency.

They deserve a great amount of consideration. They deserve the applause of Congress. They deserve to be commended because they are true patriots in every sense of the word.

Mr. BARRETT. Mr. President, I think the bill is a very satisfactory solution to an extremely difficult problem.

The Secretary of Defense has the biggest job in the Government, save and except that of the President of the United States. The Department of Defense has under its jurisdiction more than 4 million persons, both civilian and military; and about 60 percent of the entire Federal budget is dedicated to defense purposes.

This is a good bill. The distinguished chairman of the Committee on Armed Services and the senior Senator from Massachusetts are entitled to great credit for evolving such a satisfactory measure.

It seemed to me that Congress should give the Secretary of Defense the tools necessary to carry out his onerous duties, and then to hold the Secretary strictly responsible and accountable for his work.

The Secretary of Defense is entitled to great credit for the admirable manner in which he conducted himself in the presentation of his case to the committee.

Without question of a doubt, interservice rivalries and bickerings have seriously interfered with the efficient administration of the Department of Defense. The bill serves notice, in no uncertain terms, that in these critical days there must be a quick and clear chain of command from the President down to the unified commanders in the field.

In my judgment, the injunction in the bill which requires each of the serv-

ice Secretaries and their civilian assistants and the military personnel to cooperate fully with the personnel of the Office of the Secretary of Defense should have a very salutary effect in bringing good administration to the Department of Defense.

I wish to be associated with the remarks of the distinguished Senator from Mississippi in regard to the National Guard. I am certain that the statement in the report—"that the duties and functions of the National Guard Bureau and its Chief should not be transferred, reassigned, abolished, or consolidated"—will bear fruit in the years which lie ahead.

On the whole, Mr. President, I believe the bill is a good one.

The PRESIDING OFFICER (Mr. CHURCH in the chair). The committee amendment in the nature of a substitute is open to amendment.

If there be no amendment to be proposed to the committee amendment, the question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question now is, Shall the bill, as amended, pass?

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. GORE], the Senator from Florida [Mr. HOLLAND], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

The Senator from Virginia [Mr. BYRD], and the Senator from Montana [Mr. MURRAY] are absent because of illness in their families.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Virginia [Mr. BYRD], the Senator from Tennessee [Mr. GORE], the Senator from Florida [Mr. HOLLAND], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Texas [Mr. YARBOROUGH] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate.

The Senator from New Hampshire [Mr. COTTON], the Senator from Vermont [Mr. FLANDERS], the Senator from Maine [Mr. PAYNE], and the Senator from New Jersey [Mr. SMITH] are necessarily absent.

The Senator from Michigan [Mr. POTTER] is absent on official business.

The Senator from Colorado [Mr. ALLOTT] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Indiana [Mr. CAPEHART], the Senator from New Hampshire [Mr. COTTON], the Senator from Vermont [Mr. FLANDERS], the Senator from Maine [Mr. PAYNE], the Senator from New Jersey [Mr. SMITH] and the Senator from Michigan [Mr. POTTER] would each vote "yea."

The result was announced—yeas 80, nays 0, as follows:

YEAS—80

Aiken	Green	McNamara
Barrett	Hayden	Monroney
Beall	Hennings	Morse
Bennett	Hickenlooper	Morton
Bible	Hill	Mundt
Brickey	Hobltzell	Neuberger
Bridges	Hruska	Pastore
Bush	Humphrey	Proxmire
Butler	Ives	Purtell
Carlson	Jackson	Revercomb
Carroll	Javits	Robertson
Case, N. J.	Jenner	Russell
Case, S. Dak.	Johnson, Tex.	Saltonstall
Chavez	Johnston, S. C.	Schoeppel
Church	Jordan	Smathers
Clark	Kefauver	Smith, Maine
Cooper	Kerr	Sparkman
Curtis	Knowland	Stennis
Dirksen	Kuchel	Symington
Douglas	Langer	Talmadge
Dworshak	Long	Thurmond
Eastland	Magnuson	Thye
Ellender	Malone	Watkins
Ervin	Mansfield	Wiley
Frear	Martin, Iowa	Williams
Fulbright	Martin, Pa.	Young
Goldwater	McClellan	

NAYS—0

NOT VOTING—16

Allott	Gore	Payne
Anderson	Holland	Potter
Byrd	Kennedy	Smith, N. J.
Capehart	Lausche	Yarborough
Cotton	Murray	
Flanders	O'Mahoney	

So the bill (H. R. 12541), as amended, was passed.

Mr. RUSSELL. Mr. President, I move that the Senate insist upon its amendment, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. RUSSELL, Mr. BYRD, Mr. JOHNSON of Texas, Mr. SALTONSTALL, and Mr. BRIDGES conferees on the part of the Senate.

MESSAGE FROM THE HOUSE— ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 13366) to provide for the advancement of Maj. Gen. Claire L. Chennault, United States Air Force, retired, to the grade of lieutenant general on the retired list, and it was signed by the President pro tempore.

EXTENSION OF TRADE AGREE- MENTS ACT

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1875, H. R. 12591.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment by the Senator from Texas [Mr. JOHNSON], offered for himself and other Senators, to strike out sections 6 and 7.

ORDER FOR ADJOURNMENT TO MONDAY

Mr. JOHNSON of Texas. Mr. President, because of the very able and superb performance of the Armed Services Committee under the leadership of the very able chairman of the committee, the Senator from Georgia [Mr. RUSSELL], we have completed action on one of the most important measures that will come before the Senate this session. We had scheduled, and had anticipated that we would have, a session tomorrow, but since we have been able to complete our deliberations on this very important bill this evening, I ask unanimous consent that when the Senate concludes its business today it stand in adjournment until 12 o'clock noon on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. I desire to express my appreciation to each Member of the Senate for his complete cooperation, without which we would have been unable to have completed action on the bill which has just been passed.

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954—PUBLIC LAW 480

Mr. SCHOEPPEL. Mr. President, as we face today's grave decisions, growing out of the crisis in the Middle East, we can be thankful that our position is one of strength, not weakness. This is true of our military, of our industry, and of our agriculture which supports both.

In times of crisis, supplies of food and feed which only a short time ago may have been labeled surpluses, suddenly take on new importance as valuable reserves. Certainly this was true at the time of World War II and Korea.

No one can prophesy the outcome of this new crisis which confronts us, but I want to express my thanks to the farmers of the United States for the substantial contribution they are making to our ability to meet our international challenges, whatever they may turn out to be.

Wheat is, of course, one of the commodities which immediately comes to mind at a time of crisis.

The farmers of Kansas and the other great wheat growing states have been industriously harvesting a big crop. Even though in the past several days we have had bad storms in Kansas, fortunately 80 percent of the wheat was harvested, and the overall production picture is excellent.

The July crop report of the Department of Agriculture says that the Nation's total wheat crop this year, including both winter and spring, is expected to be 1,343 million bushels. This would be the second largest crop in history, exceeded only by 1947.

Through Public Law 480 we have been able to expand greatly the consumption of wheat from United States farms. We have been able to move great quantities to friendly countries where it is badly needed, thus performing the double service of giving an expanded market to our wheat growers, and strengthening our relationships with foreign friends at a time when such friends are very much needed.

We recall that in the 1957 fiscal year our wheat industry achieved an all-time high record export of wheat and flour equivalent totaling 550 million bushels valued at nearly \$1 billion. These exports were equal to 55 percent of the national wheat production for the year. They made it possible, for the first time in 5 years, to reduce the national wheat surplus by over 100 million bushels.

A large share of the credit for this accomplishment goes to Public Law 480, particularly title I, which provides for selling surplus commodities to friendly countries for their own currencies.

In fiscal year 1955, wheat exports under foreign currency sales came to 24 million bushels.

In fiscal year 1956 they came to 94 million bushels.

In fiscal year 1957 they came to 200 million bushels.

In the 1958 fiscal year, which ended June 30, wheat exports under title I came to 175 million bushels which, I might add, represented 44 percent of our total wheat exports for the year.

As a result of Public Law 480 activity, we had a further small cut in the surplus wheat stockpile during the past season.

Furthermore, this additional export movement of wheat means larger purchases of free-market supplies by private traders and it means more money in the pockets of farmers.

We have all noted recently that, with a general recession facing the business community of the United States, agriculture was probably the least affected of any of our major industries. The marketing and income benefits that accrued from Public Law 480—not only to our wheat growers but to a wide variety of agricultural producers—probably have been responsible, more than any other contributing factor, for this favorable situation.

The Department of Agriculture estimates that, because of the wheat export

disposals made under the Public Law 480 program, farmers received on the average 9 cents more per bushel for all wheat they marketed in 1956-57. This meant that farm income from wheat during the current season is up about \$90 million because of the Public Law 480 program.

The benefits to our agriculture from Public Law 480 are tangible, and with our own eyes we can see them—in terms of more products moving from farms, more activity in the agricultural business community, and more income for farmers.

From where we stand it may be a little more difficult to see the tangible benefits which accrue overseas in the friendly countries where our products finally are consumed. Colombia in South America is one of these countries, and I noted how our Ambassador, Mr. John M. Cabot, once described the usefulness of the program:

It may not mean much to you to say that we have shipped 130,000 tons of wheat and flour in 1955-57, and over 30,000 tons of cotton. Perhaps you can judge the quantities better if I say that the wheat and flour will make 800 million half-pound loaves of bread, and that the cotton is sufficient to make one suit of clothes for every man, woman, and child in Colombia.

Public Law 480 is a program which reaches directly from our American farms to millions of friendly people overseas. When we multiply the loaves of bread and the suits of clothes in Colombia by the very wide array of products exported under Public Law 480, and multiply it again by the 37 countries with which we have title I agreements, we find a program in support both of our domestic agriculture and of our foreign policy whose impact is of the highest magnitude.

The authorization for Public Law 480 came to an end on June 30. That was 16 days ago. Today we are in a period of vacuum, insofar as being able to go ahead and make plans for future activity. This is a program that cannot wait.

To those of my friends on both sides of the aisle who are or should be concerned about the implications of our failure to extend title I of Public Law 480, I wish to point out:

First. Immediately after the August cotton crop report is released the Department of Agriculture will have to make a final decision with respect to the support level of cotton for this marketing year, 1958.

If Public Law 480 is not on the books by then, necessarily the Department of Agriculture will have to assume that the exports during the 1958-59 marketing year will be reduced below the level which would otherwise prevail. In other words, the USDA would have to reduce the estimates of exports by the estimated amount of exports resulting from new Public Law 480 commitments.

This failure will have the immediate effect of resulting in a lower cotton support price for the 1958 crop than would prevail if Public Law 480 were in operation. This will mean substantially less income to every cotton farmer.

Calendar No. 1875

85TH CONGRESS
2^D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 18, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz:

1 On page 1, line 9, strike out "1961" and insert in lieu
2 thereof "1963".

3 On page 3, line 17, strike out "15" and insert in lieu
4 thereof "25".

5 On page 4, line 19, strike out "three" and insert in lieu
6 thereof "five".

7 On page 4, line 20, strike out "5" and insert in lieu
8 thereof "10".

9 On page 4, line 23, strike out "5" and insert in lieu
10 thereof "10".

1 On page 5, line 4, strike out "three" and insert in lieu
2 thereof "five".

3 On page 5, line 13, strike out "three" and insert in lieu
4 thereof "five".

5 On page 6, strike out lines 4 to 17, inclusive, and insert
6 in lieu thereof the following:

7 “(C) In the case of any decrease in duty to which
8 subparagraph (A) of this paragraph applies, no part of a
9 decrease after the first part shall become initially effective
10 (i) until the immediately previous part shall have been
11 in effect for a period or periods aggregating not less than
12 one year, nor (ii) after the first part shall have been in
13 effect for a period or periods aggregating more than four
14 years. If any part of a decrease has become effective, then
15 any time thereafter during which such part of the decrease
16 is not in effect by reason of legislation of the United States
17 or action thereunder shall be excluded in determining when
18 the four-year period expires.”

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 18, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 18, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. PASTORE (for himself, Mr. PAYNE, Mr. COTTON, and Mr. THURMOND) to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz: At the end of the bill insert the following new section:

1 SEC. . So long as any agency of the United States
2 under any Federal program is making cotton available for
3 export at prices less than the prices at which cotton of
4 comparable quality is available for domestic use, the Presi-
5 dent shall impose on imports of cotton manufacturers such
6 import fee as is necessary to equalize the difference in the
7 cost of cotton contained therein, measured by the difference
8 between the prices at which United States cotton is made
9 available for export and the prices at which the Commodity

1 Credit Corporation makes or is authorized to make cotton
2 of comparable quality available for unrestricted domestic
3 use.

Calendar No. 1875

83RD CONGRESS
2^D Session

H. R. 12591

AMENDMENT

Intended to be proposed by Mr. Pastore (for himself, Mr. Payne, Mr. Cotton, and Mr. Thurmond) to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 18, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2^D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 18, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. PROXMIRE to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz: On page 32, after line 10, insert the following new section:

1 SEC. 12. (a) Subsections (a) and (b) of section 22
2 of the Agricultural Adjustment Act, as amended (7 U. S. C.
3 624), are amended to read as follows:

4 “(a) Whenever the Secretary of Agriculture has reason
5 to believe that any article or articles are being or are prac-
6 tically certain to be imported into the United States under
7 such conditions and in such quantities as to render or tend to
8 render ineffective, or materially interfere with or materially
9 increase the cost of, any program or operation undertaken
10 under this title or the Soil Conservation and Domestic Allot-

1 ment Act, as amended, or section 32, Public Law Num-
2 bered 320, Seventy-fourth Congress, approved August 24,
3 1935, as amended, or any loan, purchase, or other program
4 or operation undertaken by the Department of Agriculture,
5 or any agency operating under its direction, with respect to
6 any agricultural commodity or product thereof, or to reduce
7 substantially the amount of any product processed in the
8 United States from any agricultural commodity or product
9 thereof with respect to which any such program or operation
10 is being undertaken, he shall cause, on his own motion or
11 upon application of any group of interested producers or
12 processors, an immediate investigation to be made by the
13 appropriate office or agency of the United States Depart-
14 ment of Agriculture responsible for the administration of the
15 affected program, which shall give precedence to investiga-
16 tions under this section to determine such facts. Such in-
17 vestigation shall be made after due notice and opportunity
18 for hearing to interested parties, shall be conducted subject
19 to such regulations as the Secretary of Agriculture shall
20 specify, and shall be computed at the earliest possible date
21 but in no event more than six months after the date of the
22 initiating motion of the Secretary or the day on which the
23 initiating application was filed with the Secretary.

24 “(b) If, on the basis of such investigation and report
25 to him of findings and recommendations made in connection

1 therewith, the Secretary of Agriculture finds the existence of
2 such facts, he shall certify to the President such facts and the
3 President shall by proclamation impose such fees not in
4 excess of 50 per centum ad valorem or such quantitative
5 limitations on any article or articles which may be entered,
6 or withdrawn from warehouse, for consumption as the Secre-
7 tary of Agriculture has found and declared to be necessary
8 in order that the entry of such article or articles will not
9 render or tend to render ineffective, or materially interfere
10 with or materially increase the cost of any program or opera-
11 tion referred to in subsection (a) of this section, or reduce
12 substantially the amount of any product processed in the
13 United States from any such agricultural commodity or
14 product thereof with respect to which any such program or
15 operation is being undertaken: *Provided*, That no proclama-
16 tion under this section shall impose any limitation on the
17 total quantity of any article or articles which may be entered,
18 or withdrawn from warehouse, for consumption which re-
19 duces such permissible total quantity to proportionately less
20 than 50 per centum of the total quantity of such article or
21 articles which was entered, or withdrawn from warehouse,
22 for consumption during a representative period as determined
23 by the Secretary of Agriculture; except that, whenever a
24 condition exists requiring special treatment, the President
25 upon recommendation of the Secretary of Agriculture may

1 impose such further limitation or suspension of imports as
2 he deems necessary upon a full consideration of the impact
3 of imports of competitive commodities on (1) domestic
4 production, (2) normal marketing and storing of domestic
5 products, and (3) any Government support or other pro-
6 gram: *And provided further*, That in designating any article
7 or articles, the Secretary of Agriculture or the President,
8 as the case may be, may describe them by physical qualities,
9 value, or use, or upon such other bases as he shall determine.
10 Such designations shall be sufficiently broad to prevent
11 evasion and may include any form, combination, mixture,
12 or source in which the article or articles may appear: *And*
13 *provided further*, That the President may authorize imports
14 of any articles in excess of the quantitative limitations found
15 and declared to be necessary by the Secretary when such
16 additional imports are deemed to be in the interest of the
17 United States. Whenever additional imports of any article
18 or articles shall be admitted by the President for consump-
19 tion in excess of the quantitative limitations as herein pro-
20 vided, the Secretary, through the Commodity Credit Cor-
21 poration or any other agency available to him, shall remove
22 from the domestic market a corresponding quantity of
23 articles the sales or other outlets for which are adversely
24 affected by such imports. The Secretary shall promptly
25 dispose of all articles acquired under this section in the same

1 manner in which he is authorized by law to dispose of com-
2 modities acquired for price support purposes, but no such
3 articles shall be disposed of in the domestic market unless such
4 articles can be disposed of in such market in such manner
5 as not to affect adversely the agricultural programs, policies,
6 or operations referred to in subsection (a) of this section.
7 In removing such excess supplies from the market, the
8 Secretary may acquire either imported articles or domes-
9 tically produced articles. The cost of removing the domestic
10 market excess supplies equal to additional imports so author-
11 ized by the President, as herein provided, shall be separately
12 computed and shall be charged to appropriations relating to
13 the program served by such additional imports.

14 “In any case where the Secretary of Agriculture de-
15 termines with regard to any article or articles that a condi-
16 tion exists requiring emergency treatment, he shall certify
17 to the President the existence of such condition without
18 awaiting the completion of the investigation and report
19 herein provided for, and the President shall take immediate
20 action under this section, such action to continue in effect
21 pending the completion of such investigation and the report
22 of findings and recommendations made in connection there-
23 with, the certification by the Secretary of Agriculture, and
24 action by the President thereon.”

1 (b) Subsections (d) and (e) of such section 22 are
2 amended to read as follows:

3 “(d) After investigation, report, finding, and declara-
4 tion in the manner provided in the case of a proclamation
5 issued pursuant to subsection (b) of this section, any proc-
6 lamation may be suspended or terminated by the President
7 whenever the Secretary of Agriculture finds and certifies
8 to the President that the circumstances requiring the proc-
9 lamation or provision thereof no longer exist or may be
10 modified by the President whenever the Secretary of Agri-
11 culture finds and certifies to the President that changed cir-
12 cumstances require such modification to carry out the pur-
13 poses of this section.

14 “(e) Any decision, finding, or certification of facts and
15 required fees or quantitative limitations of the Secretary of
16 Agriculture under this section will be final.”

17 (c) The first sentence of subsection (a) of section 8
18 of the Trade Agreements Extension Act of 1951 (19
19 U. S. C. 1365) is amended by striking out “under the pro-
20 visions of section 22 of the Agriculture Adjustment Act, as
21 amended, or”.

22 (d) The amendments made by this section shall not
23 affect any action taken or determinations made before the
24 date of the enactment of this Act.

AMENDMENT

Intended to be proposed by Mr. PROXMIRE to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 18, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 18, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. PROXMIRE to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz: On page 32, after line 10, insert the following new section:

1 SEC. 12. (a) Subsections (a) and (b) of section 22
2 of the Agricultural Adjustment Act, as amended (7 U. S. C.
3 624), are amended to read as follows:

4 “(a) Whenever the Secretary of Agriculture has reason
5 to believe that any article or articles are being or are prac-
6 tically certain to be imported into the United States under
7 such conditions and in such quantities as to render or tend to
8 render ineffective, or materially interfere with or materially
9 increase the cost of, any program or operation undertaken
10 under this title or the Soil Conservation and Domestic Allot-

1 ment Act, as amended, or section 32, Public Law Num-
2 bered 320, Seventy-fourth Congress, approved August 24,
3 1935, as amended, or any loan, purchase, or other program
4 or operation undertaken by the Department of Agriculture,
5 or any agency operating under its direction, with respect to
6 any agricultural commodity or product thereof, or to reduce
7 substantially the amount of any product processed in the
8 United States from any agricultural commodity or product
9 thereof with respect to which any such program or operation
10 is being undertaken, he shall cause, on his own motion or
11 upon application of any group of interested producers or
12 processors, an immediate investigation to be made by the
13 appropriate office or agency of the United States Depart-
14 ment of Agriculture responsible for the administration of the
15 affected program, which shall give precedence to investiga-
16 tions under this section to determine such facts. Such in-
17 vestigation shall be made after due notice and opportunity
18 for hearing to interested parties, shall be conducted subject
19 to such regulations as the Secretary of Agriculture shall
20 specify, and shall be computed at the earliest possible date
21 but in no event more than six months after the date of the
22 initiating motion of the Secretary or the day on which the
23 initiating application was filed with the Secretary.

24 “(b) If, on the basis of such investigation and report
25 to him of findings and recommendations made in connection

1 therewith, the Secretary of Agriculture finds the existence of
2 such facts, he shall certify to the President such facts and the
3 President shall by proclamation impose such fees not in
4 excess of 50 per centum ad valorem or such quantitative
5 limitations on any article or articles which may be entered,
6 or withdrawn from warehouse, for consumption as the Secre-
7 tary of Agriculture has found and declared to be necessary
8 in order that the entry of such article or articles will not
9 render or tend to render ineffective, or materially interfere
10 with or materially increase the cost of any program or opera-
11 tion referred to in subsection (a) of this section, or reduce
12 substantially the amount of any product processed in the
13 United States from any such agricultural commodity or
14 product thereof with respect to which any such program or
15 operation is being undertaken: *Provided*, That no proclama-
16 tion under this section shall impose any limitation on the
17 total quantity of any article or articles which may be entered,
18 or withdrawn from warehouse, for consumption which re-
19 duces such permissible total quantity to proportionately less
20 than 50 per centum of the total quantity of such article or
21 articles which was entered, or withdrawn from warehouse,
22 for consumption during a representative period as determined
23 by the Secretary of Agriculture; except that, whenever a
24 condition exists requiring special treatment, the President
25 upon recommendation of the Secretary of Agriculture may

1 impose such further limitation or suspension of imports as
2 he deems necessary upon a full consideration of the impact
3 of imports of competitive commodities on (1) domestic
4 production, (2) normal marketing and storing of domestic
5 products, and (3) any Government support or other pro-
6 gram: *And provided further*, That in designating any article
7 or articles, the Secretary of Agriculture or the President,
8 as the case may be, may describe them by physical qualities,
9 value, or use, or upon such other bases as he shall determine.
10 Such designations shall be sufficiently broad to prevent
11 evasion and may include any form, combination, mixture,
12 or source in which the article or articles may appear: *And*
13 *provided further*, That the President may authorize imports
14 of any articles in excess of the quantitative limitations found
15 and declared to be necessary by the Secretary when such
16 additional imports are deemed to be in the interest of the
17 United States. Whenever additional imports of any article
18 or articles shall be admitted by the President for consump-
19 tion in excess of the quantitative limitations as herein pro-
20 vided, the Secretary, through the Commodity Credit Cor-
21 poration or any other agency available to him, shall remove
22 from the domestic market a corresponding quantity of
23 articles the sales or other outlets for which are adversely
24 affected by such imports. The Secretary shall promptly
25 dispose of all articles acquired under this section in the same

1 manner in which he is authorized by law to dispose of com-
2 modities acquired for price support purposes, but no such
3 articles shall be disposed of in the domestic market unless such
4 articles can be disposed of in such market in such manner
5 as not to affect adversely the agricultural programs, policies,
6 or operations referred to in subsection (a) of this section.
7 In removing such excess supplies from the market, the
8 Secretary may acquire either imported articles or domes-
9 tically produced articles. The cost of removing the domestic
10 market excess supplies equal to additional imports so author-
11 ized by the President, as herein provided, shall be separately
12 computed and shall be charged to appropriations relating to
13 the program served by such additional imports.

14 “In any case where the Secretary of Agriculture de-
15 termines with regard to any article or articles that a condi-
16 tion exists requiring emergency treatment, he shall certify
17 to the President the existence of such condition without
18 awaiting the completion of the investigation and report
19 herein provided for, and the President shall take immediate
20 action under this section, such action to continue in effect
21 pending the completion of such investigation and the report
22 of findings and recommendations made in connection there-
23 with, the certification by the Secretary of Agriculture, and
24 action by the President thereon.”

1 (b) Subsections (d) and (e) of such section 22 are
2 amended to read as follows:

3 “(d) After investigation, report, finding, and declara-
4 tion in the manner provided in the case of a proclamation
5 issued pursuant to subsection (b) of this section, any proc-
6 lamation may be suspended or terminated by the President
7 whenever the Secretary of Agriculture finds and certifies
8 to the President that the circumstances requiring the proc-
9 lamation or provision thereof no longer exist or may be
10 modified by the President whenever the Secretary of Agri-
11 culture finds and certifies to the President that changed cir-
12 cumstances require such modification to carry out the pur-
13 poses of this section.

14 “(e) Any decision, finding, or certification of facts and
15 required fees or quantitative limitations of the Secretary of
16 Agriculture under this section will be final.”

17 (c) The first sentence of subsection (a) of section 8
18 of the Trade Agreements Extension Act of 1951 (19
19 U. S. C. 1365) is amended by striking out “under the pro-
20 visions of section 22 of the Agriculture Adjustment Act, as
21 amended, or”.

22 (d) The amendments made by this section shall not
23 affect any action taken or determinations made before the
24 date of the enactment of this Act.

AMENDMENT

Intended to be proposed by Mr. PROxmire to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 18, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2^D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 18, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. PASTORE (for himself, Mr. PAYNE, Mr. COTTON, and Mr. THURMOND) to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz: At the end of the bill insert the following new section:

1 SEC. . So long as any agency of the United States
2 under any Federal program is making cotton available for
3 export at prices less than the prices at which cotton of
4 comparable quality is available for domestic use, the Presi-
5 dent shall impose on imports of cotton manufacturers such
6 import fee as is necessary to equalize the difference in the
7 cost of cotton contained therein, measured by the difference
8 between the prices at which United States cotton is made
9 available for export and the prices at which the Commodity

- 1 Credit Corporation makes or is authorized to make cotton
2 of comparable quality available for unrestricted domestic
3 use.

Calendar No. 1875

85TH CONGRESS
2^D SESSION

H. R. 12591

AMENDMENT

Intended to be proposed by Mr. PASTORE (for himself, Mr. PAYNE, Mr. COTTON, and Mr. THURMOND) to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 18, 1958

Ordered to lie on the table and to be printed

Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 18, 1958

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz:

1 On page 1, line 9, strike out "1961" and insert in lieu
2 thereof "1963".

3 On page 3, line 17, strike out "15" and insert in lieu
4 thereof "25".

5 On page 4, line 19, strike out "three" and insert in lieu
6 thereof "five".

7 On page 4, line 20, strike out "5" and insert in lieu
8 thereof "10".

9 On page 4, line 23, strike out "5" and insert in lieu
10 thereof "10".

1 On page 5, line 4, strike out "three" and insert in lieu
2 thereof "five".

3 On page 5, line 13, strike out "three" and insert in lieu
4 thereof "five".

5 On page 6, strike out lines 4 to 17, inclusive, and insert
6 in lieu thereof the following:

7 “(C) In the case of any decrease in duty to which
8 subparagraph (A) of this paragraph applies, no part of a
9 decrease after the first part shall become initially effective
10 (i) until the immediately previous part shall have been
11 in effect for a period or periods aggregating not less than
12 one year, nor (ii) after the first part shall have been in
13 effect for a period or periods aggregating more than four
14 years. If any part of a decrease has become effective, then
15 any time thereafter during which such part of the decrease
16 is not in effect by reason of legislation of the United States
17 or action thereunder shall be excluded in determining when
18 the four-year period expires.”

H. R. 12591

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 18, 1958

Ordered to lie on the table and to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 22, 1958
For actions of July 21, 1958
85th-2d, No. 122

CONTENTS

Acreage allotments.....	21		
Appropriations.....	22		
Budgeting.....	1		
Buildings.....	13,25		
Committee assignments....	31		
Conservation.....	37		
Cotton.....	16		
Defense production.....	44		
Electrification.....	33	Hall of Fame.....	23
Farm-housing research....	22	Hog cholera.....	19
Farm income.....	36	Information.....	27
Farm program.....	14,34	Irrigation.....	39
Federal-State-relations..	10	Lands.....	5,25
Fish and wildlife.....	24,37	Legislative program....	14
Flood control.....	38	Libraries.....	27
Food additives.....	42	Livestock.....	35
Foot-and-mouth disease...18		Minerals.....	45
Foreign trade.....	15	Mining claims.....	30
Forestry.....	5,20,43	Onion futures.....	3
4-H Clubs.....	40	Personnel.....	6,11,28,46
Fruits.....	39	Pesticides.....	24
		Public Law 480.....	15
		Public works.....	38
		Research.....	4,18,19,22
		Seed.....	17
		Small business.....	13,26
		Statehood.....	41
		Surplus commodities....	15
		Tobacco.....	21
		Trade agreements.....	2
		Transportation.....	29
		Water, pollution.....	7
		resources.....	8,24
		Watersheds.....	9,32

HIGHLIGHTS: House debated bill to extend Public Law 480. House passed bills to: Increase allotments for extra-long staple cotton seed. Amend Federal Seed Act. House committee ordered reported Klamath Indian land bill. House received conference report on independent offices appropriation bill. Senate committee reported accrued expenditures budgeting bill. Senate debated trade agreements extension bill. Senate debated industrial uses research bill.

SENATE

1. BUDGETING. The Appropriations Committee reported with amendments H. R. 8002, the accrued expenditures budgeting bill, with individual views by Sen. Hayden (S. Rept. 1866). p. 13062
2. TRADE AGREEMENTS. Continued debate on H. R. 12591, the trade agreements extension bill. pp. 13075-6, 13085-6, 13093-5, 13110-11, 13115-45
3. ONION FUTURES. Conferees were appointed on H. R. 376, to prohibit trading in onion futures and remove onions from regulation under the Commodity Exchange Act. House conferees have been appointed. p. 13065
4. RESEARCH. Began debate on S. 4100, to provide for an expanded program of research on the industrial use of agricultural products. pp. 13098-13104
5. FORESTRY. Passed without amendment the following bills:
H. R. 10321, to authorize the exchange of lands of the Estes Park Administrative Site, Roosevelt National Forest, for lands of equal value outside

the forest near Ft. Collins, Colo. This bill will now be sent to the President. p. 13097

H. R. 11253, to authorize the Secretary of Agriculture to exchange certain Forest Service lands and improvements with Redding, Calif., Municipal Airport. This bill will now be sent to the President. p. 13097

H. R. 12161, to authorize establishment of townsites from National Forest lands, including their sale to private individuals. This bill will now be sent to the President. p. 13098

S. 3248, to authorize the Secretary of Agriculture to exchange lands comprising the Pleasant Grove Administrative Site, Uinta National Forest, Utah, with a Pleasant Gove, Utah, church. pp. 13097-8

Passed as reported the following bills:

S. 3439, to reconvey to Salt Lake City the Forest Service Fire Warehouse lot in that city. pp. 13096-7

S. 3741, to facilitate the administration of Forest Service lands by making all FS lands (with the exception of the O&C revested lands) subject to administration as public domain or Weeks law lands. p. 13098

6. PERSONNEL. Passed as reported S. 4004, to encourage and authorize details and transfers of Federal employees for service with international organizations through the retention of Federal employee benefits during periods in which an employee is detailed to work with an international agency or who transfers to an international agency on leave from the Government. pp. 13095-6

7. WATER POLLUTION. The Public Works Committee ordered reported with amendments H. R. 6701, granting the consent of Congress to the Tennessee River Basin Water Pollution Control Compact. p. D708

8. WATER RESOURCES. The Public Works Committee ordered reported with amendments the following measures:

S. 4021, to establish a U. S. Study Commission on the Savannah, Altamaha, St. Marys, Apalachicola-Chattahoochee, and Alabama-Coosa River Basins; and S. Res. 248, to provide for hearings on the relationships of water resource development programs of the U. S., Russia, and Communist China (previously approved by the Interior and Insular Affairs Committee). p. D708

9. WATERSHED PROJECTS. Received from the Budget Bureau plans for works of improvement on Lower Willow Creek, Mont., Whitegrass-Waterhole Creek, Okla., and Little Schuylkill River, Pa. pp. 13061-2

The Public Works Committee approved watershed projects on Upper Lake Fork Creek, Tex., Dry Devils River, Tex., Lower Willow Creek, Mont., Little Schuylkill River, Pa., and White Grass Waterhole, Okla. p. D708

10. FEDERAL-STATE RELATIONS. Sen. Stennis discussed and urged enactment of H. R. 3, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws. pp. 13080-1

11. PERSONNEL ETHICS. Sen. Morse inserted an editorial commending Congress for providing a Code of Ethics for Federal employees. p. 13069

12. BUILDINGS. Sen. Smith, Me., urged greater attention to artistry and quality in the development of the Federal capital area. pp. 13072-3

13. SMALL BUSINESS. Sen. Proxmire inserted his testimony on behalf of S. 3850, the fair trade bill, urging the preservation and protection of the family store small business. p. 13074

S. 1939. An act to amend the Federal Seed Act of August 9, 1939 (53 Stat. 1275), as amended;

S. 2266. An act to provide a method for regulating and fixing wage rates for employees of Portsmouth, N. H., Naval Shipyard.

S. 3076. An act to amend section 12 of the act of May 29, 1884, relating to research on foot-and-mouth disease and other animal diseases;

S. 3437. An act authorizing the Department of Highways of the State of Minnesota to construct, maintain, and operate a free highway bridge between International Falls, Minn., and Fort Frances, Ontario, Canada;

S. 3478. An act to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus;

S. 3608. An act to revive and reenact the act authorizing the State Highway Commission of the State of Maine to construct, maintain, and operate a free highway bridge between Lubec, Maine, and Campobello Island, New Brunswick, Canada; and

S. 3677. An act to extend for 2 years the period for which payments in lieu of taxes may be made with respect to certain real property transferred by the Reconstruction Finance Corporation and its subsidiaries to other Government departments.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 12541) to promote the national defense by providing for reorganization of the Department of Defense, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. VINSON, Mr. BROOKS of Louisiana, Mr. KILDAY, Mr. DURHAM, Mr. RIVERS, Mr. ARENDS, Mr. GAVIN, Mr. VAN ZANDT, and Mr. BRAY were appointed managers on the part of the House at the conference.

The message further announced that the House had passed a bill (H. R. 11078) to promote boating safety on the navigable waters of the United States, its Territories, and the District of Columbia; to provide coordination and cooperation with the States in the interest of uniformity of boating laws; and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 11645) making appropriations for the Departments of Labor, and Health, Education and Welfare, and related agencies, for the fiscal year ending June 30, 1959, and for other purposes, and it was signed by the Vice President.

HOUSE BILL REFERRED

The bill (H. R. 11078) to promote boating safety on the navigable waters of the United States, its Territories, and the District of Columbia; to provide coordination and cooperation with the States in the interest of uniformity of boating laws; and for other purposes, was read twice by its title and referred to the Committee on Interstate and Foreign Commerce.

EXTENSION OF THE TRADE AGREEMENTS ACT

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). Is there further morning business? If not, morning business is closed.

The Chair lays before the Senate the unfinished business, which is H. R. 12591.

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas [Mr. JOHNSON], on behalf of himself and other Senators, to strike out sections 6 and 7 of the bill.

Mr. SPARKMAN. Mr. President, one of the most important and yet most controversial matters that will be before the Senate this year is the unfinished business, the Reciprocal Trade Agreements Act. There are many different views as to what kind of measure Congress should pass. The textile industry has experienced injury and difficulty from the administration of the Trade Agreements Act.

Mr. Donald Comer, Avondale Mills, Inc., Birmingham, Ala., expresses some of the views held by textile mill operators in a letter of July 8 to the Senator from Illinois [Mr. DOUGLAS]. I have discussed this letter with the Senator from Illinois, and it is agreeable to him to have the letter printed in the RECORD.

I ask unanimous consent that the letter be printed in the RECORD immediately following these remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 8, 1958.

The Honorable PAUL DOUGLAS,
United States Senate,
Washington, D. C.

DEAR SENATOR DOUGLAS: The Comers have been in the cotton spinning industry for four generations. Before that we grew cotton. Our mills are the Avondale Mills and Cowikee Mills in Alabama, and the Bibb Mills in Georgia. I mention this fact because we are among the older textile groups and so this justifies me in answering your question at the hearing before the Senate Finance Committee last Monday, July 1.

You asked, "How long is your industry going to be an infant? When is it going to get off the nursing bottle and walk on its own feet?" Certainly I can partially answer your question by asking you one. How long is the Congress going to regulate the hours, ages, working conditions and wages of the American textile industry at well above the world level and 10 times higher than the Asian standards? How long is the Congress going to subsidize the growing of surplus American cotton and sell the surplus to our foreign competitors at some 20 percent less than you sell it to the home spinner?

In this connection the New York Daily News Record, which carries your question, also carries an interesting trade article under the heading "Korean Cotton Industry Rebuilt to Top 1945 Level." Here it is:

"It appears likely that the ROK will dip a cautious toe into the cotton fabric market

this year, with export of 10 million yards of heavy sheeting to the United States. That represents a single purchase by the American Uniform Co., Springfield, Tenn., reportedly for the manufacture of waiters' uniforms and similar articles. The cloth is 38 inches wide, bleached, and priced at 14.5 cents a yard f. o. b.

"On the financial side, there is a distorted exchange-rate situation. Since all of the raw cotton comes through United States aid channels, it is paid for at the official rate of 500 hwan to the dollar. The going rate within the country is actually about 1,000 to 1—meaning that spinners are getting their cotton at half price, in effect. In addition to the fact that the price is subsidized to begin with under the United States surplus disposal program.

"When Japan pulled out of Korea in 1945, there were 13 cotton mills with 316,000 spindles. At the end of the Korean war in 1953, there were 5 mills with about 70,000 spindles. At the end of 1957, there were 15 mills."

Here is a sale of 10 million yards of goods from Korea to a Tennessee garment manufacturer. This took business away from our neighbor, Mr. Stanley Converse, whose mills are in South Carolina. The Korean goods sold for 14½ cents a yard. Our price was 19 cents. Mr. Converse's mill is operating on short time and unprofitably. The name, Converse, is well known in South Carolina. Mill profits of yesterday helped establish the Converse College. There are only a few spindles in your State, but your jobbers, distributors and garment industry are wonderful customers of the cloth and yarn we sell.

Gen. Robert Wood is my personal friend. He and I were in the Army in 1899, serving in the Philippines. His company is our largest customer. My brother, Hugh Comer, is a director of your ICRR. My father, B. B. Comer, held an interim appointment in the Senate following the death of the senior Senator, John H. Bankhead.

You ask, when will our industry be weaned? Can you tell us when, if ever, Congress will lower their home protective social guards, thereby encouraging a bend backward toward the Asian standards?

Can you tell me when Congress will change their farm policy, requiring a home industry to pay the parity price for cotton and his foreign competitor the lower world price and with some juggling of the exchange difference that gives him a further double advantage in price?

Can you tell me when Congress will encourage foreign trade that is really reciprocal? The definition of this word means "equal", "mutual"—is a trade equal when the foreigner buys from us only what he wants and needs and insists on paying us in goods that we don't need, don't want—the import of which kills an American industry?

Do you agree with Senator CASE of New Jersey, that such a trade only discomforts blank number of workers—let them run and learn another trade; or do you agree with Fortune magazine, if the industry that is hurt is of value to our defense needs, let the Defense Department pay for the hurt?

Do they forget what Secretary Knox, of your State, said, that textiles are second only to steel in our defense needs?

Did you read Life magazine, about Steubenville, Ohio—how Japanese paying Weirton Steel Co. for their tinplate with chinaware shutting down Ohio and West Virginia chinaware business?

After Japan has shut down our textile and chinaware business with their cheap prices, how long before you think their prices will be advanced to what the traffic will bear?

If Weirton sells tinplate to Japan, he doesn't have to take his pay in something that comes to this country and shuts down a neighbor industry. If Japan can only pay in cotton goods and chinaware, let Weirton take these goods to Southeast Asia, swap them for rubber and tin; or take them to Latin America, swap them for bauxite, nitrates, coffee, cocoa, bananas, etc., and bring these needed articles into America.

We charge in the present procedure, we are left in the hands of little hatchet men in Washington bureaus with the power to say to American industry, "Off with your head." "We think it is desirable that this other industry should live." I say if it should be for the good of all of us that one of us should die in order to give life to another, for heaven's sake, let's retain that life and death power in the hands of the Congress.

You ask when. My answer is, "not in our day." In the years of yesterday, the teaming Asians had only their hands. We with our machines could compete. Today they have the same machines we have, and their hands are just as trained, adept, as ours. It's a crime to turn our American market, its purchasing power created by our industry wages and our farm income—Government protected, over to these cheap wage imports, with the threat of ever-increasing floods from all Asia. Africa next.

Japan is not only threatening with her fabric—she is also building the loom to supply the world needs as fast as possible. If you care to argue that present imports are a small percent of our total needs, my answer is that it is not just the present hurt—it is the threat of what will come in this crazy trading that our Government is doing. We started out fighting Japan's imports. Now Hong Kong, Korea, and all Asia in on deck. We are not at war, yet for the fear of war we are putting \$40 billion in our budget for defense.

Life magazine, of June 23, said Mr. William Welday, division manager of the Ohio Power Co.'s local plants at Steubenville, Ohio, put it more succinctly. "The answer to foreign competition," he said, "is not in a sheltered economic climate. The free world and the friendship of Japan are a damn sight more important to me than protecting a few factories." Why just a few and who is going to draw the line? Mr. Welday seems to wish to do some head chopping. The little hatchet men in Washington could use him.

I wish Mr. Harllee Branch, head of the Southern Co., which operates the power companies in Georgia, Florida, Alabama, and Mississippi, would tell this Ohio Power Co. man how important is the power requirements of his textile customers. We are for foreign trade, we only ask that we have fair rules. Don't put us in the ring with our two hands tied.

I am 80 years old and more or less in the hands of my doctor, or I would have been glad to come before the committee. I hope you have this letter read and included in the proceedings.

Very truly yours,

*Chairman, Executive Committee,
Avondale Mills, Birmingham, Ala.*

LABOR UNIONS AND INFLATION

Mr. BENNETT. Mr. President, this is third in my series of statements summarizing my impressions gained from the testimony developed in the hearings of the Finance Committee on the financial condition of the United States.

In the first statement I discussed inflation as the general theme of the

hearings. In the second I reviewed the testimony presented with respect to the role played by the Federal Reserve System in our present economic situation. In this speech I shall try to develop the relationship between increases in wages and the rise of prices. I am focusing attention on the wage problem because this seems to be one of the more important of the recent economic developments making this inflation different from previous ones.

When we define inflation simply as a rise in prices, we are guilty of inadequacy and oversimplification. We need to look deeper at the elements of current price rises to discover what forces play on them to force them up. Each inflation is the result of the interaction of many forces, both psychological and economic. But regardless of the refinements, there are fundamentally two forces at work: First, a demand-pull force, involving excessive spending on the buyers' side of the market, and second, a cost-push force, operating from below on the supply of materials and labor. Today I shall concentrate on the latter, the cost-push force.

First, however, let us look at the interaction of the two forces. The demand-pull involves excessive spending by business, Government, and consumers for the economy's goods and services. Likewise, as the buyers of the productive services bid in competition for these resources, secondary demand-pull elements, which raise prices, are set up. On the supply side, higher wage rates, rising raw material prices—which again may be attributed in large part to wage increases—taxes, and some other factors all operate as cost-push forces to raise prices. By far the most important of the cost-push forces is wages, which account for 78 percent of the national income originating in manufacturing.

While most of the witnesses and questionnaire respondents to the Finance Committee named demand-pull chief villain in inflation causes, it was recognized by all who testified on this point that cost-push forces aggravate or amplify the inflation generated by excessive spending, while many said that the cost-push forces may themselves even initiate or be the direct cause of the current inflation.

I think it is significant that the current wave of inflation, now in its third year, though probably originating in the capital boom of 1955, and in other conditions earlier, has gone on in the face of what was up until last fall a tight monetary policy. It has persisted in fiscal years 1956 and 1957, in the presence of a Federal surplus although it has required a huge Federal deficit to produce past historic inflations. It was not touched off by a speculative fever in either consumer or producer goods or in stocks and bonds. Rather than an expansion of profit margins which usually accompanies a strictly demand inflation this one was accompanied by a shrinkage of profit margins. Consumer stocks were high rather than depleted by wartime scarcity or rationing. And finally the current recession has not stopped the steady upward climb of prices.

Is there some new force in this inflation which has not received sufficient attention? I think there well may be. To me it is significant that practically every witness who appeared before the Finance Committee made reference to the inflationary power of labor unions. This was the case regardless of the background, philosophy, or politics of the individual witnesses. Practically every respondent to the questionnaire made the same observation about labor. Certainly such an array of testimony is more than mere casual coincidence and deserves more than casual attention.

THE ROLE OF WAGE COSTS IN INFLATION

Before referring to the testimony of the witnesses themselves, I shall outline the understanding I have gained of the general role of wage costs in inflation.

Wage rates may operate in several direct and indirect ways to initiate or sustain inflationary conditions.

First. Wage rate increases, not fully offset by improved productivity in the industries concerned, increase costs per unit which producers will attempt to recover through higher prices. I shall take a look at this in detail in a few minutes.

Second. Increased labor costs and prices, particularly if they occur in basic or supplier industries, will spread as higher nonlabor costs—cost of material and components—to other industries, in later stages of production, thus forcing up the prices of these industries as well.

Third. Because of wage leadership in collective bargaining and the influence of widening wage differentials on other workers, higher wages will be demanded in the industries not directly involved in the original wage-push.

Fourth. The prevalence of long-term labor contracts even in segments of the economy remote from each other tends to produce general rigidity and prevent offsetting downward adjustments of cost, and therefore, even though these wages have not risen, they contribute indirectly to the general upward pressures on the wage-price structure.

Fifth. As prices rise, upward wage pressures become cumulative and self-reinforcing. New wage and salary demands in all sectors are made to offset the rising cost of living. Escalator clauses in wage contracts tying money wage rates to the Consumer Price Index have become widespread in recent years. These wage increases are significant cost-push forces, whatever the initial or generating cause may have been. It is significant that these escalator clauses are most prevalent in the so-called strategic industries—industries which can cause repercussions throughout the rest of the economy. Examples are the steel, automobile, railroad, trucking and transit, electrical machinery, aircraft and parts, agriculture machinery, meat-packing, aluminum, and iron ore mining industries.

How likely is it that these five direct and indirect wage factors will push prices up in a particular situation? Referring to separate action in a single industry, if wages are increased without the creation of additional demand for the products of that industry, 1 or

it is obvious that the available tonnage authorization is insufficient.

COST

The cost of constructing the amphibious assault ship is estimated at \$40 million and the cost of constructing the amphibious transport is estimated at \$29 million.

THE PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill (H. R. 11518) was ordered to a third reading, read the third time, and passed.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

MR. MARTIN of Iowa. Mr. President, I shall review briefly the reasons why the extension of the trade agreements program in a satisfactory and workable form is so essential to a vital segment of our national economy, a segment which is the basic livelihood of my State of Iowa—agriculture.

Perhaps to a greater degree than any other major component of our economy, American agriculture must have foreign markets for its output. American agriculture not only can but does produce far more than is needed or used by Americans. That excess of production over consumption has to go somewhere.

It can be simply to glut on domestic markets, driving prices down to such unconscionably low levels that farmers' income from their products does not even cover costs of production. This has happened in the past, often leading to a national economic depression.

The excess can be bought by the Government itself in price-support operations, so as the prevent prices from falling to disastrously low levels. This certainly is preferable to permitting farm-product prices to fall so low as to bankrupt farmers and bring on a depression, but it is far from a satisfaction long run method of operation. It can cost taxpayers hundreds of millions, perhaps even billions of dollars, and is bound to lead to strict Government regulation and regimentation of our entire agricultural economy.

The third alternative is the only really satisfactory solution: to sell our agricultural surpluses to other nations which need them to satisfy the requirements of their own peoples. In order to sell our products to other nations, we must find some way to permit the other nations to pay, directly or indirectly, through their exports of other goods which they themselves produce. The only way whereby they can acquire dollars with which to pay for American farm products, is to sell their own products for American dollars. Boiled down to what may be an oversimplification, we cannot expect other nations to continue buying American goods, unless we in re-

turn import goods from other nations. The sole purpose of the trade-agreements program is to promote exactly such an international interchange of goods—to increase the flow of international trade, and to increase the willingness and ability of other countries to buy American goods.

Reverting again to agriculture specifically, the urgent necessity for constant development of additional foreign markets has been heightened by what has been called the technological explosion of American agriculture. For technology has had an extremely heavy impact on American agriculture throughout the 20th century, particularly since the close of World War II. Fewer farmers are producing greater crops. Every hour of farmwork today produces twice what it did in 1940, three times what it did in 1910. Yields per acre have soared. Last year's crop was as big as any in history, yet was produced on the smallest acreage since 1919. Were it not for the large exports of agricultural commodities, our farmlands would be swamped with their own production.

Fortunately, a large export movement of farm products is taking place. Special Government export programs and the activities of private industry have helped appreciably to expand our exports in the past 4 years. In the 1958 fiscal year which ended June 30, agricultural exports represented the output of some 60 million acres of United States cropland. This is, roughly, three times all the cropland under cultivation in the State of Iowa, and, roughly, one-fifth of the total cropland under cultivation in the entire country. This fact in itself should make clear, beyond all doubt, the essentiality of foreign markets to American agriculture, and to the entire national economy, even aside from the need for foreign outlets for many of our processed and manufactured goods, because of the vital effect agriculture has on our entire national economy.

But it is not only a question of holding the foreign markets we already have for agricultural products. The steadily increasing per-acre yield—increasing faster than is our population and our domestic consumption—makes it essential that we continue to develop new markets abroad for our agricultural output. By far the most practical way of doing that is through an effective trade-agreements program.

The United States is the world's largest exporter of farm products. In fiscal year 1957 our farms supplied three-fourths or more of the world exports of soybean oil, cottonseed oil, lard, and tallow. They supplied more than half of the world exports of soybeans and corn. They supplied more than two-fifths of the world exports of cotton and wheat, and almost two-fifths of world exports of tobacco. They supplied more than one-fifth of world exports of rice, citrus, and dried fruit.

Our exports of farm products in fiscal year 1957 came to a record total of \$4.7 billion. Our agricultural exports in fiscal year 1958 are expected to total \$4

billion—down somewhat but still the third highest on record. The dollar portion of our agricultural exports is holding firm. In the fiscal year 1957, 60 percent of our agricultural exports were for dollars; in the fiscal year 1958, the figure is expected to be 70 percent.

It is a fortunate coincidence that there is great need for our agricultural supplies in other countries. Because of this need abroad, our agricultural exports not only are of great benefit to the United States but also help to provide needed food and clothing for millions of foreign consumers.

In countries such as those of Western Europe, our farm products are helping to maintain levels of living which already are comparatively high. In countries such as India, our farm products not only are helping to feed and clothe people, but also to hold down food costs, strengthen programs of economic development, and contribute to political and economic stability. American farm products not only are playing an active part in the world of commercial trade, but, at the same time, are making a positive contribution to our foreign policy by strengthening our friendship with the other nations of the free world.

In this connection I wish to add that the United States is also a large importer of farm products, exceeded only by the United Kingdom. We practice beneficial two-way trade. In recent years our agricultural imports have averaged nearly \$4 billion. The bulk of the imports—coffee, cocoa, tea, rubber, bananas, sugar, wool, silk—supplement our own production of food and fiber. In general, they are commodities we do not produce. They contribute to a higher standard of living for the American consumer. They provide an important source of dollar earnings to foreign countries. This helps them buy more of our meats, wheat, feed grains, soybeans, cotton, tobacco, and other farm products.

Competitive imports are the ones we hear objections to, but so far as agriculture is concerned, they are a relatively small part of the total. For the year ending last June 30, for example, our wheat and flour exports were valued at \$931 million; imports at \$2.3 million. In other words, wheat and flour imports were about two-tenths of 1 percent of wheat and flour exports. And even these imports added to the ability of other countries to buy more from us for dollars.

We have effective machinery for protecting our agricultural programs against excessive imports. Section 22 of the Agricultural Adjustment Act, as amended, provides this protection. Import controls are now in effect on wheat and wheat products, rye and rye products, flaxseed and linseed oil, peanuts and peanut oil, certain dairy products, cotton, tung oil and almonds.

I should like to conclude with some observations about the trade-agreements program as it affects our agricultural trade. Our national objective is, of course, to sell a maximum amount of our farm products to foreign customers with payment in dollars. In my opinion, continuation of the trade-agreements pro-

gram will help us tremendously to maintain and expand these essential dollar exports by giving access to foreign markets and giving foreign customers the opportunity to earn dollars, so they can buy from us.

Today, American agriculture is maintaining a high level of exports within the framework of the trade-agreements program. Nearly four-fifths of United States agricultural exports go to countries that are members of the program. Nearly two-thirds of such exports move under trade restriction easements obtained through the program.

The trade-agreements program stands as one of our major available tools to lessen discrimination against American farm products. A member country cannot take arbitrary action to exclude products from another country, but must be guided by the rules of the reciprocal trade program. If we did not have the trade-agreements program, there would be no impelling reason why many nations could not arbitrarily go as far as they wanted in limiting their imports of our farm products. The trade-agreements program is our best, single hope of keeping open and deepening the channels of trade through which our farm products flow.

Even beyond our special interest in expanding foreign outlets for agricultural commodities is our broader interest, as United States citizens, in effective and friendly free-world relationships. We cannot have political and military friends who are our economic enemies. The trade-agreements program strengthens economic relationships between members. Not only does it help protect our agricultural economy at home, but it also helps to bolster our efforts to improve the economy and add to the strength of the entire free world.

TRIBUTES TO SENATOR MARTIN OF PENNSYLVANIA

Mr. CASE of South Dakota. Mr. President, today, I wish to say a few words in regard to the service of one of the most illustrious Members of the United States Senate. I refer to the distinguished senior Senator from Pennsylvania, Ed MARTIN, as we know him.

As the ranking minority member next below him in the Committee on Public Works, I have wished for some time to say something about his work. His announcement of some weeks ago that he would retire at the end of this term made it seem to me appropriate that something be said about the life of this eminent citizen of Pennsylvania and distinguished Member of the United States Senate.

Mr. CHAVEZ. Mr. President, I am compelled to leave the Chamber, to attend a committee meeting. I shall appreciate it very much if at this time the Senator from South Dakota will yield briefly to me.

Mr. CASE of South Dakota. Mr. President, it is a privilege for me to yield to the distinguished Senator from New Mexico, the Chairman of the Committee on Public Works, who has been our chairman when the Democrats were

in the majority, just as Senator MARTIN of Pennsylvania was chairman when the Republicans were in the majority.

Mr. CHAVEZ. I thank the Senator from South Dakota for yielding.

Mr. President, all of us know Senator Martin of Pennsylvania. We know he is a devoted public servant. We know of the wonderful service he gave the State of Pennsylvania as its governor. We know of the patriotic service he rendered the United States of America in its Armed Forces.

I have enjoyed having Senator MARTIN of Pennsylvania not only as the Chairman of the Committee on Public Works, when his party was in control of the Senate, but also as a member of the committee during the time when I have been the chairman of the committee.

I previously stated, and today I repeat, the Committee on Public Works is a construction committee. Never once have I seen either Senator MARTIN of Pennsylvania or any other member of the committee indulge in any sort of partisan politics in connection with public works for the benefit of the Nation.

Senator MARTIN has been a devoted member of the committee, just as the other committee members have been.

The least I can say is that I, for one, am very sorry that Senator MARTIN is leaving the Senate. Both Pennsylvania and the Nation will be the poorer.

Although I know that none of us is infallible, nevertheless, Senator MARTIN has contributed greatly to the welfare of both the State of Pennsylvania and the Nation, as well as to the welfare of the world.

I thank the Senator from South Dakota for his courtesy in yielding to me.

Mr. CASE of South Dakota. Mr. President, I appreciate very much the tribute the distinguished chairman of the Public Works Committee has paid to Senator MARTIN of Pennsylvania.

It has been my privilege to serve under the leadership of both Senator MARTIN of Pennsylvania and the Senator from New Mexico [Mr. CHAVEZ], during the periods in which they have served as chairmen of the Committee. What the distinguished Senator from New Mexico has said with respect to the attitude in the committee is correct: It is a construction committee; it is devoted to building the United States as a whole, as well as building every State of the Union. No partisanship is to be found among the members of the committee; and I am glad that its present chairman, the Senator from New Mexico [Mr. CHAVEZ] has paid his tribute to this illustrious American, Senator Ed MARTIN, of Pennsylvania.

Mr. KERR. Mr. President, will the Senator from South Dakota yield to me?

The PRESIDING OFFICER (Mr. LONG in the chair). Does the Senator from South Dakota yield to the Senator from Oklahoma?

Mr. CASE of South Dakota. I yield.

Mr. KERR. Mr. President, I should like to associate myself with the kind remarks and, in my judgment, the just statements which have been made about the distinguished Senator from Pennsylvania [Mr. MARTIN].

In years past, it was my happy privilege to serve as the Governor of Oklahoma at about the same time when Senator MARTIN of Pennsylvania, was serving as Governor of Pennsylvania. As Governors of the two States, we had many things in common. One of the pleasures of that experience was the meeting of the governors' conference in Pennsylvania, at which Senator MARTIN was host, and then, later on, a meeting of the governors' conference in Oklahoma, where I had the honor to be host.

Since I have been a Member of the United States Senate, most of the time I have served on the Committee on Public Works and on the Finance Committee; and during all my tenure on both committees, Senator MARTIN of Pennsylvania, has also been a member.

Senator MARTIN is a man of great military accomplishments and high military standing, and in that regard he has rendered notable service to his country.

I believe he is one of the great men I have known; and it is with the deepest regret that I contemplate his retirement from this body.

I am happy to associate myself with the remarks of the distinguished Senator from South Dakota [Mr. CASE] and other Senators who have acknowledged the statesmanship and great, patriotic service of the Senator from Pennsylvania.

Mr. CASE of South Dakota. Mr. President, I am sure the Senator from Pennsylvania appreciates this tribute from the Senator from Oklahoma [Mr. KERR], who, as he has stated, has served with him on two of the great Senate committees—the Committee on Finance and the Committee on Public Works.

Mr. President, the life of Ed MARTIN is a reminder that in this country a man can start from humble beginnings and, if he has nobility of character and conducts himself well, he may be entrusted with great honors.

Ed MARTIN was the 97th Governor of Pennsylvania. He became the 48th United States Senator from Pennsylvania.

His career embraces distinguished service in five fields: The law, military life, politics, government, and business. In each of these vital activities he started at the bottom of the ladder, and rose step by step to positions of trust and honor, through diligent application, hard work, devotion to the principles to which he has always given complete faith and loyalty, and steadfast patriotism and personal courage.

Senator MARTIN's career stands out brilliantly as an example of the rewards offered in the United States, under the American system of free and equal opportunity, to the youth of our land, no matter how humble may be their origin.

EDWARD MARTIN, the son of Joseph Thomas Martin and Hannah Bristor Martin, was born September 18, 1879, in a log house on a Greene County farm near the village of Ten Mile, Pa.

On May 9, 1898, he joined Company B of the 10th Pennsylvania Volunteer Infantry, as a private. The regiment was

Moreover, if Nasser had never arisen, then there would have been some other Pan-Arabian leader calling for the same kind of Arab unity. Nasser's strength lies in his appeal to the emotions of the people of the Middle East for a unity of political power. The Arabs all the way from the eastern Mediterranean to north Africa are restless and many of them are ripe for unity. So Mr. Nasser is more than a head of one Arab State, he is a symbol.

If Mr. Nasser—or some other symbolic leader—eventually succeeds in putting together an Arab federation, what will we be faced with?

An Arab power will have moved into the power vacuum created by the withdrawal of the British and French from the Middle East. Political control will have passed from the hands of the West into Arab hands, and that control would include the great basin of oil Western Europe needs so vitally.

No one can view this without misgivings. A new power, particularly a new power emerging suddenly through age-old resentments, must be a question mark. But that it would be an anti-Western power is by no means automatic or inevitable.

So far as middle eastern oil is concerned, the Arabs have little use for it except as a means of revenue. Since the Western world controls both the transportation and marketing of oil, an Arab federation would be foolish not to come to some kind of acceptable terms. Mr. Nasser has the Suez Canal and the canal still serves the West. One of the first actions of the Iraqi rebels was to announce that they would honor the oil agreements and that they had posted guards to protect oil facilities from damage.

So far as political power is concerned, whoever succeeds in creating one will also succeed in creating a force that may become something of a balance of power in that part of the world. In the conflict between the West and Russia it could well turn out to be a neutral power, for whoever holds it will be just as reluctant to turn it over to the Soviets as to the West.

Such an independent, third force in the Middle East is not necessarily what we would most desire. But our prime purpose there, surely, is not so much that we should control the area as that it should not fall under the domination of Russia. And so the prospect of Arabian unity need not run counter to our own interests—unless we pursue a policy that drives the Arabs in the direction of Moscow.

We are not supposing that it will be easy or simple to accommodate to this new nationalism in the Middle East. We will still be left with great problems. But the alternative seems to be far worse. Unless we intend to create our own little principalities in the Middle East, and be prepared to police them endlessly, we have got to face the reality of Arab nationalism that Mr. Nasser represents.

MIDEAST DEBATE—INTERVENTIONISTS SAY UNITED STATES POLICY DEMANDED TROOPS; CRITICS BLAME LACK OF POLICY

(By Joseph E. Evans)

WASHINGTON.—Beneath a surface appearance of unity in this tense and unhappy capital runs a strong undercurrent of criticism and debate over the United States intervention in Lebanon. It appears in Congress, in the private views of foreign experts outside the Government, and even occasionally within the administration itself.

The question the controversy turns on is this: Where did United States policy in the Middle East go so wrong in the past that we now have to use troops?

One curious aspect of the debate is that so far neither the President nor any other high official has publicly revealed just what

it is trying to accomplish in the Middle East beyond the immediate objective of coming to the aid of the Chamoun government in Lebanon. Normally accessible diplomats are extremely difficult for newsmen to see. The upshot is that the United States is not making an effective answer to the worldwide criticism raging even in such friendly countries as West Germany and Japan—and, less distinctly, right here in Washington.

The case for intervention is this:

The United States landed Marines at Beirut because it became convinced that otherwise no small nation anywhere in the non-Communist world could feel safe from external aggression or subversion, Communist or otherwise, internal coup d'etat and assassination of its leaders. This was the basic consideration, overriding any possible threat of Soviet retaliation and also overriding the fact that intervention would not solve any problems in the Middle East and would probably complicate them.

Until the Iraq coup a week ago today, the idea of American military intervention in Lebanon had been all but abandoned. The reason is that the revolt in Lebanon appeared to be practically over, with the government and the rebels nearing agreement on their complex political problems; it seemed the likely outcome would be a stable nation still essentially pro-Western. But the Iraq coup gave the Lebanese rebels a tremendous hypo, just as their revolt was expiring.

THE ADVERSE WINDS

Even some of the administration's critics admit there is merit to the argument that if nothing had been done in Lebanon, other little nations would collapse at the first adverse wind. What bothers the critics more—not so much for the past that is gone as for the future—is the United States policy in the Middle East which has now landed us in Lebanon.

This United States policy has been one of proffered friendship toward both the Arab nations and the State of Israel. The United States has tried in various ways to ameliorate the bitter dispute between those antagonists, dangling the prospect of sizable aid for joint economic development projects if the enemies could reconcile themselves. The United States has also shown sympathy for Arab ambitions for independence and unity, despite the fact that the United States is firmly allied with Britain and France, the former colonial powers in the Middle East.

Thus when Colonel Nasser, now the President of the United Arab Republic of Egypt and Syria, took power in Egypt, the inclination of the United States was to favor him, or at least try to get along with him. Some officials here contend it was Nasser who ruined that effort, not the United States, and that it happened before the Aswan Dam-Suez Canal crises.

Ever since then, in any case, relations with Nasser have been extremely difficult, though with ups and downs. For some time now the belief of the United States Government has been that he is all but in the pocket of the Kremlin, and that the troubles in Lebanon, Jordan, and Iraq are traceable to him and through him to Moscow. Therefore the United States figures he cannot be permitted to take over the Middle East with impunity.

To its critics, all this is not a policy at all, but the results of refusing to make a real policy. Most of these critics are Democrats, some are Republicans, but in any case the objections cut across party lines because the policy, or lack of it, developed under both the Truman and Eisenhower administrations.

Essentially the critics contend that all along the United States has failed to look at the Middle East problems in the face. It could, for one thing, never realistically hope

to appear a friend to the Arabs so long as it supported Israel. Its ostensible sympathy for Arab aspirations, moreover, was bound to seem hollow when it alined itself, not with the independence movements but with the feudal monarchies of Saudi Arabia, Jordan, and Iraq. Finally, the United States, it's charged, misunderstands the Arab movement and errs in concluding it is run by Moscow.

"I don't believe Nasser is a Communist, or that he is pro-Communist," says one non-governmental expert on the Middle East. This man also seriously doubts that the Iraq coup was the result of a Nasser-Soviet plot.

ARAB NATIONALIST

What Senator FULBRIGHT and others contend the United States has been unable or unwilling to perceive is that the movement toward Arab unity is essentially a popular movement which is bound to win out, and which was not in the beginning inimical to the United States. "Force can restrain it only temporarily," warns one man. Therefore, in this view, it is folly for the United States to oppose it by trying to shore up Middle East regimes that are fast becoming relics of the past.

The United States, some of these critics suggest, could have devised a workable policy for the Arab world, regardless of what it did about the Arab-Israeli dispute. If it had ever frankly recognized the inevitability of pan-Arabism, it could have adopted a fairly simple policy of accommodation, realizing that only colonialism but also feudalism was dying in the Middle East and making the best of it.

But as it is, the failure ever to hammer out a clear and consistent policy that would serve United States interests to the least disadvantage in the face of irresistible movement toward Arab unity has led to rising Arab hatred of the United States and deterioration to the point of military intervention. And now, it's feared, the United States position has been done irreparable damage in Arab eyes, and we stand to forfeit the goals we have sought—a stable and peaceful Middle East free of Communist influence.

So runs the subsurface debate. As in the Korean war, most people here publicly support the intervention now that it is a fact. But many deplore the policies that made it a fact.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

THE IMPORTANCE OF TRUE RECIPROCITY IN INTERNATIONAL TRADE

Mr. WILEY. Mr. President, I should like to summarize briefly some of my observations with regard to the reciprocal-trade-agreements bill which now is before us.

First. The principle of reciprocity is sound. I refer to true reciprocity in which each nation benefits by having each one make some concession in its own national interest and in the interest of world commerce.

Second. The greatest law of nations is the law of self-preservation. America can preserve itself by assuring a strong, free, healthy world in which our allies are strong and vigorous, with sound economies.

Third. More and more of the world's markets are opening up to us. At pres-

ent there may exist situations in which that does not seem to be the case; but the world is growing, and if we can keep out of a third world war—which some persons believe to be around the corner—the world's markets will continue to open.

Today, we export approximately \$19 billion worth of products and services. In the years up ahead, we shall export still more. The other day, someone estimated that it will not be long until the United States exports \$50 billion worth of goods and services annually. At the present time we are importing approximately \$13 billion worth.

Fourth. So, too, we shall be importing more. We have found that the best customers for America's products are also the best suppliers—as in the instance of Canada.

Fifth. It is a fact, however, that in a certain number of instances damage is inflicted on a domestic industry. I have cited the plywood industry as a case in point. There, the difference between the wages paid to Americans and those paid to foreign labor results in a situation which can be harmful, and has been harmful, to American producers.

The other day, on the floor of the Senate, I had a brief debate on this subject with the distinguished senior Senator from Illinois [Mr. DOUGLAS]. In my opinion, at least, the debate was really worth while, because, after all, in this country there are those who are away over to the left and who want free trade, and there are others who are away over to the right and who want the door to be closed, so the United States will again be isolated. In the debate I had with the Senator from Illinois, the issue was how to find a way by which we can keep the American market, by and large, in the case of practically every product, for the American producers. That issue calls for sane thinking and able minds.

Sixth. The reciprocal trade agreements program, like all programs, depends upon its administration. If it is administered soundly and wisely, it will operate to the national interest. If it is not, harm will be done.

Seventh. For some time we have had on our statute books what are known as the peril-point and escape-clause provisions. Those provisions should not be dead letters. They should be utilized on a sound basis, as Congress intended.

Eighth. The House version of House bill 12591 is, by and large, a step in the right direction. It was passed overwhelmingly, by a vote of 317 to 98. The bill is by no means perfect, but certainly it should not be cut to pieces. Whether it will be adequately administered will depend on the human equation.

Ninth. I believe that Congress should not get back into the business of attempting to write tariffs by itself. If we were to attempt, here on the Senate floor, to adjust specifically, either up or down, literally hundreds of tariffs, we would have time for nothing else. Therefore, I would oppose any step which would, in effect, put Congress back into the business of writing or changing specific tariffs.

From time to time, as in the instances

of plywood, it may be necessary for the Congress to take certain specific actions. Those should, however, be relatively few in number. Mr. President, think of all the things Congress must do, today. It is obvious that Congress would not wish to go into that particular phase of national activity.

Tenth. Hundreds of Wisconsinites have written to me on the present issue. Some domestic producers have indicated their concern over what they feel is a lack of adequate protection in the bill as passed by the House.

On the other hand, other producers and unions have written favoring the House version. The Milwaukee Association of Commerce has written, urging extension of the Reciprocal Trade Agreements Act. The League of Women Voters of Wisconsin, at the State and local levels, has written, endorsing the House version of the bill.

Eleventh. Scores and scores of Wisconsin companies are now engaged in the export business. I have previously had printed in the CONGRESSIONAL RECORD the names of many of the companies which benefit from our mutual-security program.

The other day, the junior Senator from Wisconsin [Mr. PROXMIER] had printed in the RECORD a significant list of the many Wisconsin companies which benefit from the reciprocal-trade program. At this time, I shall not undertake to submit the list again.

Twelfth. In the case of the reciprocal-trade program, I do not believe in going to either extreme. I am not in favor of free trade. Neither am I in favor of Chinese-wall-type trade barriers which bar trade. I am in favor of the policy which was enunciated long ago by the Apostle Paul, I believe, who said, in effect, that he who does not look after his own is unworthy. I believe the American producer is entitled primarily to the American market. But I also realize that this world of ours has, by means of man's ingenuity, been shrunk in size, so that when we hear, as we did the other day, that the Kremlin says it has intercontinental missiles, we are beginning to realize that the very instrumentalities we used militarily a few years ago, and even those we used economically, in and by themselves may not be adequate as we face the new facts of life. Therefore, we must carefully consider what we call foreign policy and foreign affairs; and often times in the interest of maintaining the necessary relationships, we may have to make economic concessions which in some respects seem to be even a little detrimental to some of our own groups.

Thirteenth. As the cosponsor of the Wiley-Dondero Great Lakes-St. Lawrence Seaway Act of 1954, I naturally have a particular interest in the development of sound, two-way trade with the world. If the seaway is to move 50 million tons of goods, as we earnestly believe it will, encouragement must be given to world trade in both directions.

WISCONSIN'S ENORMOUS STAKE IN FOREIGN TRADE

Fourteenth. I have previously pointed out the enormous stake of my State in foreign trade.

I should like to point out now that in Wisconsin's largest city, the Milwaukee Trade Club has a membership of more than 158 companies engaged in exporting and servicing exports.

Furthermore, according to R. J. Peot, of the Koehring Export Division, "exports from the Milwaukee area industry alone amounted to \$252 million, and provided jobs for 10,698 production workers in 1956—the latest year for which figures are available."

IMPORTANCE OF STRATEGIC MATERIALS

Let me point out that, as I have very frequently stated, the United States has an extraordinary dependence upon foreign sources of supply for strategic materials.

Thus, we import 100 percent of the natural rubber used by United States industry, 100 percent of tin, 100 percent of industrial diamonds and graphite, 98 percent of platinum metals, 91 percent of chromite, 96 percent of nickel—and so on, down the line.

This amount of imports is not a luxury; it is an absolute necessity.

Let me further cite the comments made by the Paley Commission in June of 1952. It pointed out that the United States is self-sufficient in only 2 out of 32 indispensable minerals. We have only enough molybdenum and magnesium to meet our domestic needs. In that connection, I refer to page 6, of volume 1, of the Paley Commission report.

In other words, it is not as if we could dispense, willy-nilly, with foreign trade. It is a matter of life and death to the American Continent.

DIFFERENCES BETWEEN SENATE AND HOUSE BILL

In what respects does the Senate committee bill differ from the House bill?

First, it reduces the Presidents' authority from 5 years to 3 years.

Second, it cuts the President's tariff-reducing authority from 25 percent to 15 percent—only 5 percent a year. Moreover, it prevents a carryover of unused authority from one year to the next.

Third, it removes from the President his final discretionary authority in escape clause cases to determine the Nation's needs in foreign policy, national security, and the total national interest.

I shall not attempt to take the time of the Senate to review all three of these principal changes. I shall, however, address myself to the Kerr amendment.

Under it, a Tariff Commission recommendation would become automatically effective unless it were disapproved by the President, and unless such disapproval were confirmed by a majority vote of the Congress.

Thus, the Kerr amendment delegates to the Tariff Commission virtually complete authority to set tariff rates in escape clause cases. It makes the Commission's authority final, except when the President is able, in a case of overwhelming urgency, to obtain a majority vote in both Houses of Congress to uphold his position.

In my judgment, this latter amendment may plunge the Congress right back into tariff-making in all escape clause cases.

It seems to me that the Congress is already overwhelmingly deluged with

responsibilities. It is inundated with foreign policy and domestic policy requirements. Should we, therefore, as a matter of policy, force back upon Congress the responsibility for specific escape clause decisions?

Should we not, therefore, leave it in the hands of the Chief Executive of our country to decide on escape-clause actions within the national interest?

WORLD WILL CHANGE

Whether we decide to extend the President's authority for 3 years or 5 years, the fact of the matter is that we, of the Congress, cannot foresee ahead as much as 3 days or 3 months or 3 years. The world is in flux. The Congress will always have the responsibility of making reviews of this, or any other law. We shall be invigorating, I trust, with new life the principle of reciprocity.

But we cannot assume that the world is going to stand still for a period of 3 years, and that any law which we enact will work soundly for 3 years in the changed world of today.

PROTECTING OUR BIRTHRIGHT

If I were to sum up my position, I would say that, while we are anxious to help human beings throughout the world achieve their birthright, we do not intend to give away our own birthright. I mean the birthright of American employees; I mean the birthright of American businessmen in this, the greatest market of the world.

WILL THE MECHANISM WORK?

The big question, therefore, is, Will the escape clause and peril-point provisions which we enact work?

If a mechanism does not work, or if those who are operating the mechanism are not efficient, then it is our responsibility, (a) to change the mechanism; and (b) to urge that the operators change their course of action.

CONGRESS MUST KEEP ITS EYE ON THE BIG PICTURE

When the flood of incoming Swiss watches jeopardized the watchmaking skills and labor of the New England area, then the President acted to protect and preserve those watchmaking skills.

There have been other instances when the President has soundly invoked escape-clause provisions. He has raised tariffs. Quotas have been set on incoming imports. It may be necessary to do so again in the future, depending upon the specific conditions of the time.

AMERICA, THE LEADER OF THE WORLD

In conclusion, the dramatic headlines of the Middle East underline the fact that we are the leading nation of the earth. But we do not control the actions of the earth. Events are occurring in many places which will determine our own future decisions.

We must keep our eye on the big picture. We must constantly reevaluate our mechanisms, our approaches, our concepts, so that at each given time in our history, we may be adequate to the responsibilities which are ours.

FOREIGN POLICY

We must have efficient tools in handling our foreign affairs. Our leaders in

Government are of the opinion this reciprocal-trade measure is such an instrument.

TRANSFER OF FEDERAL EMPLOYEES FOR SERVICE WITH INTERNATIONAL ORGANIZATIONS

Mr. CHURCH. Mr. President, I ask unanimous consent that the Senate temporarily lay aside the unfinished business and proceed to the consideration of Order No. 1871, Senate bill 4004.

The PRESIDING OFFICER (Mr. CURTIS in the chair). The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 4004) to encourage and authorize details and transfers of Federal employees for service with international organizations.

The PRESIDING OFFICER. Is there objection to the request for the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Post Office and Civil Service with an amendment to strike out all after the enacting clause and insert:

That this act may be cited as the "Federal Employees International Organization Service Act."

DEFINITIONS

SEC. 2. As used in this act—

(1) "International organization" means every public international organization or international organization preparatory commission in which the United States Government participates.

(2) "Federal agency" means any department or agency in the executive branch of the United States Government including independent establishments and Government owned or controlled corporations, and any employing authority in the legislative branch of the United States Government.

(3) "Employee" means any civilian appointive officer or employee in or under the executive or the legislative branch of the United States Government.

(4) "Congressional employee" means those included in the definition of that term contained in the Civil Service Retirement Act.

(5) "Transfer" means the change of position by an employee from a Federal agency to an international organization.

(6) "Detail" means the assignment or loan of an employee to an international organization without the employee's transfer from the Federal agency by which he is employed.

(7) "Reemployment" means either the reemployment of an employee pursuant to section 4 (a) (5), or the reemployment of a congressional employee within 90 days from the date of his separation from the international organization, following a term of employment not extending beyond the period specified by the head of the Federal agency at the time of consent to transfer or, in the absence of such a specified period, not extending beyond the first 3 consecutive years of his entering the employ of the international organization.

DETAILS

SEC. 3. (a) The head of any Federal agency is authorized to detail for a period not exceeding 3 years any employee of his department or agency to an international organization requesting services.

(b) Any employee while so detailed shall be considered for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits, to be an employee of the Federal agency from which detailed and

he shall continue to receive compensation, allowances, and benefits from funds available to that agency. The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

(c) Details may be made under this section—

(1) without reimbursement to the United States by the international organization; or

(2) with agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof, payable during the period of detail in accordance with subsections (a) and (b), and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances.

(d) Nothing in section 1914 of title 18, United States Code, relative to augmenting salaries of Government employees shall prevent an employee detailed under this section from being paid or reimbursed by an international organization for allowances or expenses incurred in the performance of duties required by the detail.

TRANSFERS

SEC. 4. (a) Notwithstanding the provisions of any law, Executive order, or regulation, any employee serving under a Federal appointment not limited to 1 year or less who transfers to an international organization is entitled to the following, if the transfer is made with the consent of the head of his agency, except that the provisions of paragraph (5) relating to reemployment rights, and the provisions of paragraph (6) relating to rates of basic compensation payable upon reemployment shall not apply to congressional employees:

(1) To retain coverage and all rights and benefits under any system established by law for the retirement of civilian employees of the United States, if all necessary employee deductions and agency contributions in payment for such coverage, rights, and benefits for the period of employment with the international organization are currently deposited in the system's fund or depository, and for such purpose service as an officer or employee of the international organization shall be considered to be creditable service under any such system.

(2) To retain coverage and all rights and benefits under the Federal Employees' Group Life Insurance Act of 1954, as amended (5 U. S. C., ch. 24), if all necessary employee deductions and agency contributions in payment for such coverage, rights, and benefits for the period of employment with the international organization are currently deposited in the Employees' Life Insurance Fund created by section 5 (c) of the Federal Employees' Group Life Insurance Act of 1954, as amended (5 U. S. C. 2094 (c)), and for such purpose service as an officer or employee of the international organization shall be considered to be service as an officer or employee of the United States.

(3) To retain coverage and all rights and benefits under the Federal Employees' Compensation Act, as amended (5 U. S. C., ch. 15), and for this purpose his employment with the international organization shall be deemed to be employment by the United States. However, in any case in which the injured employee, or his dependents in case of death, receives from the international organization any payment (including any allowance, gratuity, payment under an insurance policy for which the premium is wholly paid by that organization, or other benefit of any kind), on account of the same injury or death, the amount of such payments shall be credited against any benefits payable under the Federal Employees' Com-

pensation Act as follows: (A) payments on account of injury or disability shall be credited against disability compensation payable to the injured employee; and (B) payments on account of death shall be credited against death compensation payable to dependents of the deceased employee.

(4) To elect to retain to his credit all accumulated and current accrued annual leave to which entitled at the time of transfer to an international organization which would otherwise be liquidated by a lump-sum payment. On the request of an employee at any time prior to reemployment, payment shall be made for all of the leave retained. In any case in which an employee receives a lump-sum payment and reemployment occurs within 6 months following the date of the transfer, such employee shall refund to the Federal agency the amount of the lump-sum payment. This subsection shall under no circumstances operate so as to cause a forfeiture of retained leave following reemployment or to deprive an employee of any lump-sum payment to which he would otherwise be entitled.

(5) To be reemployed within 30 days of his application for reemployment in his former position or a position of like seniority, status, and pay in the agency from which he transferred, if he is separated from the international organization within 3 years after the date on which he entered on duty with the international organization, or within such shorter period as may be specified by the head of the Federal agency at the time of consent to transfer, and he applies for reemployment not later than 90 days after the separation.

(6) Upon reemployment, to the rate of basic compensation to which he would be entitled had he remained in the Federal service. Upon reemployment, the sick leave account of the employee shall be restored by credit or charge to its status at the time he left the Federal service; and the period of separation caused by his employment with the international organization and the period necessary to effect reemployment shall be considered creditable service for all appropriate Federal employment purposes.

(b) During the employee's period of service with the international organization, the agency contribution for retirement and insurance purposes may be made from the appropriations or funds of the Federal agency from which the employee transferred.

(c) All computations under this act prior to reemployment shall be made in the same manner as if the employee had received basic compensation (or basic compensation plus additional compensation in the case of a congressional employee) at the rate at which it would have been payable had the employee continued in the position in which he was serving at the time of his transfer.

(d) The provisions of this section shall apply only with respect to so much of any period of employment with an international organization as does not exceed 3 years or such shorter period as may be specified by the head of the Federal agency from which the employee is transferred at the time of consent to transfer, except that for retirement and insurance purposes this section shall continue to apply during the period in which a congressional employee is effecting or could effect a reemployment or an employee other than a congressional employee is properly exercising or could exercise the reemployment right established by subsection (a) (5). During that reemployment period, the employee shall be considered to be on leave without pay for retirement and insurance purposes.

REGULATIONS

SEC. 5. The President is authorized to prescribe the necessary rules and regulations to carry out the provisions of this act and to protect and assure the retirement, insur-

ance, leave, and reemployment rights and such other similar Federal employment rights as he may find appropriate. These regulations may provide for the exclusion of employees from coverage hereunder on the basis of the nature and type of employment such as, but not limited to, excepted appointments of a confidential or policy-determining character, or conditions pertaining to the employment such as, but not limited to, short-term appointments, seasonal or intermittent employment, and part-time employment.

EFFECTIVE DATE

SEC. 6. This act shall take effect on the date of its enactment except that any present employee of an international organization who entered on duty with the organization by transfer under Executive Order 9721 of May 10, 1946, as amended by Executive Order 10103 of February 1, 1950, or under the International Atomic Energy Agency Participation Act of 1957, not earlier than 3 years prior to the date of enactment, may elect to have coverage hereunder for the remainder of the 3-year term if the head of the Federal agency from which he transferred consents to that coverage.

REPEAL PROVISION

SEC. 7. Section 6 (a) of the International Atomic Energy Agency Participation Act of 1957 (22 U. S. C. 2025 (a)), is repealed except that it shall be considered to remain in effect with respect to any employee subject thereto who is serving as an employee of the International Atomic Energy Agency on the date of enactment of this act and who does not make the election referred to in section 6, and for the purposes of any rights and benefits vested thereunder prior to such date.

Mr. JOHNSTON of South Carolina. Mr. President, this bill, a draft of which was submitted to the Vice President, was requested by the Secretary of State. Not only the Department of State but a great many international organizations are having trouble getting efficient help under present circumstances. They asked that the bill be passed.

It will be noted that the bill gives certain benefits to transferred employees which they do not now have. The right is provided that the departments may transfer personnel to various international organizations without the employees' losing their rights as Federal employees. It will help the various organizations fill temporary jobs with such employees.

We must take some such action as this, for certain jobs in these international organizations are now being filled by people who are not citizens of the United States and we have to pay the compensation of those who fill the positions. The passage of the bill will really help the citizens of the United States.

The committee was unanimous in reporting the bill and recommending that it be passed.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The question is on agreeing to the committee amendment.

Mr. JOHNSTON of South Carolina. Mr. President, the amendment would only correct technical errors we found in the bill in the process of hearing.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RECONVEYANCE OF CERTAIN LAND TO SALT LAKE CITY, UTAH

Mr. CHURCH. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Order No. 1882, S. 3439.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Idaho?

There being no objection, the Senate proceeded to consider the bill (S. 3439) providing for the reconveyance to Salt Lake City, Utah, of the Forest Service fire warehouse lot in that city, which had been reported from the Committee on Agriculture and Forestry with amendments, on page 1, line 3, after the word "authorized", to strike out "and directed"; in line 8, after the word "thereon" to insert a colon and "Provided, That as a condition of such conveyance the Secretary may in his discretion reserve to the United States for a period of not to exceed 2 years from the date of the deed the right to use and occupy without charge the property being conveyed."; on page 2, line 11, after the word "of", to strike out "Agriculture, said" and insert "Agriculture. Said"; and in line 18, after the word "Administration", to insert a comma and "or on other property acquired by or available to the Secretary of Agriculture"; so as to make the bill read:

Be it enacted, etc., That the Secretary of Agriculture is authorized to reconvey, by quitclaim deed, to Salt Lake City, a municipal corporation of the State of Utah, the Forest Service fire warehouse lot located at 634 South Second East Street in Salt Lake City, together with all appurtenances pertaining thereto and all improvements thereon: *Provided,* That as a condition of such conveyance the Secretary may in his discretion reserve to the United States for a period of not to exceed 2 years from the date of the deed the right to use and occupy without charge the property being conveyed.

SEC. 2. The real property conveyance which is authorized by this act is described as commencing at the southeast corner of lot 8, block 20, plat A, Salt Lake City survey and running thence west 10 rods; thence north 5 rods; thence east 10 rods; thence south 5 rods to the place of beginning.

SEC. 3. The consideration for the conveyance herein authorized shall be the fair market value of the property as determined by the Secretary of Agriculture. Said payment to the United States shall be deposited in a special fund and shall be available to the Secretary of Agriculture for the purpose of aiding in the construction of other similar facilities in Salt Lake City on property available to the Forest Service at the former Veterans' Administration site near Fort Douglas, which is being assigned by the General Services Administration, or on other property acquired by or available to the Secretary of Agriculture.

SEC. 4. The United States purchased the lot from Salt Lake City by deed dated April 25, 1935, recorded in book 142 of deeds, page 337 of the Salt Lake County recorder's office records.

Mr. JOHNSTON of South Carolina. Mr. President, this bill, with committee amendments, would authorize the Secre-

here what has been said there, but 1 or 2 aspects should perhaps be highlighted.

While the Constitution in article 2 makes the President the Commander in Chief of the Army and Navy of the United States and of the militia of the several States when called into actual service of the United States, and imposes upon him the duty to take care that the laws of the United States be faithfully executed, the Founding Fathers were careful to provide that Congress should have power to provide for calling forth the militia to execute the laws of the Union and power to make rules for the Government and regulation of the land and naval forces. These subjects were advisedly delegated to Congress under article 1, and not to the President under article 2 (see the *Federalist*, No. 24). Hence, Congress alone was empowered to determine how, when, and in what circumstances the President may call forth the militia to execute the laws of the Union within the United States.

Thus the President can only use force to execute the laws of the Union in the manner and to the extent authorized by Congress. He has no power to use force except as authorized by Congress. The Founding Fathers saw to that.

It has been pointed out that in September 1957, with the President's expressed approval, there was repealed the only statute in the United States Code giving the President power to use military force "to aid in the execution of judicial process." Congress, in 1957, when the matter became a direct issue, clearly intended that the President should have no power in respect of Federal court decrees in civil rights cases. The repeal of a statute specifically dealing with the enforcement of court decrees would in any event control over any general statute, if any is applicable, on executing the "laws of the United States." Hence, under present congressional legislation, only the United States Marshal has power to enforce court decrees rendered under article 3 of the Constitution, with the aid of a posse comitatus if need be.

Notwithstanding the foregoing rather simple answer on the power of the President to use troops, three cases are generally put forward by the proponents of the use of military force to implement desegregation decrees. The first of these is *In re Neagle* (135 U. S. 1 (1889)). That case involved a habeas corpus proceeding by a deputy United States Marshal who had shot and killed one David S. Terry while acting as a bodyguard to Mr. Justice Field. Actually, the Court held that the Marshal was authorized by an act of Congress, but in the course of the decision the court delivered itself of a sweeping dictum which is argued by some as broad enough to include judicial decrees within the concept of laws of the United States instead of only acts of Congress. The dictum in this case, relied on by the dissenters in the *Steel Seizure Cases* (343 U. S. 579 (1952)), was nevertheless rejected by the Court in that case, in language most succinctly put by Mr. Justice Douglas at p. 663, in the following words:

"But, as Mr. Justice Black and Mr. Justice Frankfurter point out, the power to execute the laws starts and ends with the laws Congress has enacted."

Judicial decrees are in no sense "laws of the United States" within the meaning of the Federal Constitution.

The next case commonly brought forward is *In re Debs* (158 U. S. 664 (1895)), affirming 64 Fed. 724). That case also is not applicable. That was a contempt proceeding arising out of the violation of an injunction granted against a union and union officers in the Pullman strike of 1894. The officers and the union violated the injunction. The defendants were arrested by the United States marshal on a court order and found

guilty of contempt in the court below, the Supreme Court affirming. The injunction suit was filed July 2, 1894, and the injunction issued the same day. A strong effort was made by the United States marshal to enforce the injunction, 64 Fed. 724, 760-1. President Cleveland, as his proclamations of July 8 and 9 show, on July 5 ordered troops into Chicago, not to enforce the injunction, but to protect Federal property and to enforce the postal and commerce laws. His July 9 proclamation extended to the Dakotas, Montana, Idaho, Washington, California and other western States where no injunctions had been asked.

President Eisenhower based his Little Rock proclamation specifically on obstructing a Federal district court order. There was no act of Congress on segregation involved—only the district court order. See Proclamation, February 1958, American Bar Association, page 115. In the *Debs* case, the troops were called out to enforce acts of Congress, not court decrees, just as President Washington had called out Federal troops to suppress the Whiskey Rebellion in order to enforce the Internal Revenue laws—not a court decree.

The third case, sometimes referred to in this context, is *Erie Railroad v. Tompkins* (304 U. S. 64 (1938)), in which the majority of the court construed the words "laws of the several States" as including State judicial decisions as well as statutes, contrary to Justice Story's views, frequently followed by the Supreme Court and accepted by Congress in the Revised Statutes, that the word "laws" meant only "statutes". The *Tompkins* decision is inapplicable here, where the context and the Supreme Court's decisions have determined indisputably that the laws which the President under the Constitution is faithfully to execute are not court decisions (which are not laws of the United States), nor the Constitution itself unimplemented by legislation, but only acts of Congress.

The argument most commonly advanced in support of the President's use of troops to enforce district court desegregation decrees, is that the President has the right to use troops to enforce the Constitution of the United States as now interpreted by the Supreme Court, even without any implementing law of Congress, because it is said that the Constitution itself is a law of the United States.

The answer to this argument is several-fold. First, the Constitution of the United States itself (art. 6) distinguishes between the Constitution and laws of the United States passed in pursuance thereof (see also art. 3). Article 2 imposes on the President the duty to take care that the laws shall be faithfully executed. The Supreme Court has many times held—last in the steel-seizure cases—that the laws of the United States which the President is faithfully to execute starts and ends with the laws Congress has enacted. Thus the executive power conferred on the President in article 2 to execute the laws, as ruled by the Supreme Court in the steel-seizure cases and in other cases, is not self-executing, and requires congressional legislation in any case.

Second, the Constitution specifically provides that Congress should have power to provide for calling forth the militia to execute the laws of the Union and power to make rules for the government and regulation of the land and naval forces. Under these constitutional provisions it is clear that the use of military force to execute the laws of the Union was to be solely determined by Congress. Unless the President can point to an act of Congress that authorizes him to use troops in the circumstances, the constitutional power does not exist. Hence, the argument that the President in school-integration cases is merely enforcing, by the

use of troops, the Constitution of the United States as construed by the Supreme Court, is without valid constitutional sanction.

The argument that the President is merely enforcing the Constitution as a law of the United States, as construed by the Supreme Court, is reiterated in the June 1958 issue of the American Bar Association Journal at page 512. The argument itself was fully anticipated in the February issue of the American Bar Association Journal and is now again answered above.

The fact is that the statutory sections on which the President relied in his proclamation of September 23, 1957, entitled "Obstructions of Justice in the State of Arkansas"; namely, sections 332, 333, and 334 of title 10, relating to the Armed Forces, as revised in 1956, cannot by any fair construction be made to give him, under the guise of enforcing the "laws of the United States," the power to enforce Federal court decrees in civil rights cases, a power of which Congress with his own consent had stripped him exactly 2 weeks before.

It is claimed that section 332 (2) empowers the President by the military generally to enforce the Federal statutes relating to the Judicial Department created by Article 3 of the Constitution, including the enforcement of court decrees, it will be remembered (1) that, under the principle of separation of powers embodied in the Constitution, the laws of Congress relating to the judiciary are for operation by the judiciary, and (2) that whenever Congress determined to invest the President with power to enforce such decree, Congress in 1866 and 1870, in civil rights legislation specifically conferred such power, later incorporated in section 1989 of the Revised Statutes and repealed in 1957. In addition, Congress has carefully spelled out that the United States marshal shall execute such decrees with the aid of a posse comitatus. It would seem manifest that the specific should definitely control over the general, and that repeal of the specific power is congressional action indicating that the power to enforce Federal court decrees by use of military power should not exist. To hold otherwise would charge Congress with useless duplication in sections 1989 and 5299 of the Revised Statutes, notwithstanding one of the purposes of Revised Statutes was to eliminate "redundant" provisions. Act of June 27, 1866 (14 Stat. 74, 75). If Congress in 1957 had construed section 33 as susceptible of a construction authorizing military enforcement of a court decree, a repeal of that section would doubtless have been included also.

The purpose manifested by the repeal is unequivocal that no such power should exist. Congress has not left its express or implied intent in doubt. To reach a contrary conclusion, the court would have to conclude that not only were the Revised Statutes redundant but that the 1957 repeal was a useless act.

In spite of all the arguments advanced, I am unable to find any constitutional or statutory basis for the President's use of troops in civil-rights cases. This view was fortified only on Monday in Washington, D. C., by statements on the part of interested persons that Congress should reenact provisions which were repealed in 1957, and to substitute some provisions that were proposed but not enacted.

In the current discussion of the problem of the Presidential use of troops at Little Rock, reference has been made by some persons, including the President, to section 15 of the act of June 18, 1878 (20 Stat. 152) repealed in 1956 as section 15 of title 10 and reenacted in the same bill as section 1385 of title 18, the Criminal Code, which reads as follows:

"Whoever, except in cases and under circumstances expressly authorized by the Constitution or act of Congress, willfully uses any part of the Army or Air Force as a posse comitatus or otherwise, to execute the laws, shall be fined not more than \$10,000 or imprisoned more than 2 years, or both."

This statute in which the Air Force was included in 1956, was first passed in 1878 by a Democratic Congress to prevent Republican President Hayes from using troops to enforce election laws in the South, either directly or through the United States marshal. The law was also said to be enacted in part of overcome an opinion rendered by Attorney General Caleb Cushing (6 Op. Atty. Gen. 486 (1854)) to the effect that United States marshals could use, as a posse comitatus, not only bystanders and citizens in the community, but Federal Armed Forces within their precinct.

When this measure was passed in 1878, it was hailed by its proponents as a great victory in the struggle for a "government of laws." One spokesman said:

"We have this day secured to the people of this county the same great protection against a standing army which caused a struggle of 200 years for the Commons of England to secure for the British people."

It was thought by its sponsors that henceforth the power to execute the laws by military force no longer existed in the President but that the laws were to be enforced solely by the United States marshal, with a posse comitatus if necessary, not including troops.

A recent vigorous comment on this statute is that of Mr. Justice Jackson, concurring in the steel-seizure case (343 U. S. 579, 645):

"It was also left to Congress to 'provide for calling forth the militia to execute the laws of the Union, suppress insurrections, and repel invasions * * *.' Such a limitation on the command power, written at a time when the militia rather than the standing army was contemplated as the military weapon of the Republic, underscores the Constitution's policy that Congress, not the Executive, should control utilization of the war power as an instrument of domestic policy. Congress, fulfilling that function, has authorized the President to use the Army to enforce certain civil rights [citing the statute since repealed]. On the other hand, Congress has forbidden him to use the Army for the purpose of executing general laws except when expressly authorized by the Constitution or by an act of Congress [citing the Posse Comitatus Act]."

It will be noted parenthetically that Mr. Justice Jackson refers to the use of "the Army for the purpose of executing general laws." He does not envision the inclusion of court decrees.

Prior to 1956, I believe that a proper construction of the 1878 statute (commonly referred to as the Posse Comitatus Act) clearly forbade the President's using any part of the Army as a posse comitatus or otherwise to execute the laws. I say this notwithstanding the opinions of the Attorney General (16 Op. Atty. Gen. 162 (1878) and 19 Op. Atty. Gen. 570 (1890)). These Attorney General opinions express the view that the act of 1878 (now sec. 1385 of title 18), which expressly recognizes any exceptions made by Congress, therefore had expected sections 5298 and 5299 of the Revised Statutes of 1873, which are now sections 332 and 333 of title 10 under which the President purported to act at Little Rock. These opinions of the Attorney General held, in substance, that the United States marshal cannot use troops as a posse comitatus, but that the President himself can act under sections 5298 and 5299 of the Revised Statutes of 1873.

Of these opinions of the Attorney General it may be observed that if the bill was passed in 1878 for the purpose advocated by its sponsors, namely, to prohibit the

President's use of troops in domestic affairs unless expressly authorized by Congress, the express authorization must have been intended to mean subsequent, and not past, legislation, the 1878 act operating in that respect prospectively. Actually, the exception in the act of 1878 of authorization in the Constitution must also have been intended to be prospective, the Attorney General to the contrary, notwithstanding because the Constitution did not then, nor does it now, authorize the President to use force to execute the laws in domestic affairs, but only empowers Congress to "provide for calling forth the militia to execute the laws of the Union." If the act of 1878 is construed, as it was by the Attorney General in the two opinions referred to, to except the earlier provisions of sections 5298 and 5299 of the Revised Statutes of 1873, then Congress in passing the act of 1878 did a useless thing so far as concerns restricting the President's use of troops to execute the laws.

Mr. Justice Jackson's statement quoted above is by far the most authoritative interpretation given to the Posse Comitatus Act. Opinions of the Attorney General are not adjudications, and because they are not based on adversary briefs and arguments, have relatively little weight and are often partisan to support executive desire. Unlike judicial opinions, they can be discounted in legal debate. It will be noted, again, that Mr. Justice Jackson says "that Congress, not the executive, should control the utilization of the war power as an instrument of domestic policy." This accords exactly with the view heretofore expressed, namely, that in the absence of congressional enabling legislation the President has no power to use troops in domestic affairs.

Referring further to the Posse Comitatus Act of 1878, we note next that sections 5298 and 5299 of the Revised Statutes, and the act of 1878, were all reenacted in the same recodification act passed in 1956.

What is the legal effect of this recodification? Does the act of 1878, thus recodified in the same bill with the 1873 provisions of the Revised Statutes, still speak in futuro, looking toward future congressional or constitutional authorizations for the use of troops, or does the 1878 statute, now being reenacted simultaneously in the same bill with the provisions of the Revised Statutes of 1873 just referred to, give the act of 1878 a different meaning from that which it had before?

If the act of 1878 (now sec. 1385 of title 18) still speaks in futuro, we would still have an express prohibition of Presidential use of troops. If the simultaneous enactment in 1956 of the 1873 Revised Statutes provisions as sections 332 and 333 of title 10 are held to be simultaneous express exceptions to section 1385 of title 18, then we are remitted to the correct construction of sections 332 and 333 of title 10 as to Presidential powers in the use of troops.

If the former view is adopted, the 1878 act as reenacted in 1956 is still an absolute bar to the Presidential use of the Army. If the latter view is adopted, we are remitted to the question of the correct construction of sections 332 and 333 of title 10, which, as pointed out above, do not permit Presidential use of troops to enforce district court decrees in civil-rights cases. Normally, a recodification of statutory sections does not change their original meaning and intent, in the absence of some clear expression to that effect. However, it cannot be gainsaid that the inclusion of the two 1873 sections in the same act with the 1878 section does throw the solution of the effect of the recodification somewhat in doubt.

In any event, however, we end up with the conclusion that military force cannot be used by the President either (1) to enforce Federal court decrees, because the only specific

statute was repealed in 1957, or (2) to execute the laws, because court decrees are not "laws of the United States" within the meaning of sections 332 and 333 of title 10; (3) to enforce the Constitution of the United States, as construed by the Supreme Court, without more, unless he can point to an authorizing congressional act because Congress has sole control over the use of military force in domestic affairs, and there is no such authorizing act.

Is the President's action in using troops subject to judicial review? The answer should be "Yes," as in the Steel Seizure cases, the review being directed to the action of the subordinate officer carrying out the President's order.

The Supreme Court of Arkansas declined on March 17, 1958, to pass on the legality of the Presidential use of troops at Little Rock, stating that determination of the question was not essential to a disposition of the case.

The Court of Appeals of the Eighth Circuit in *Jackson v. Kuhn* on April 28, 1958, avoided the question by stating that the lower court was without jurisdiction for lack of jurisdictional amount, and that the State court is the appropriate forum. The Court of Appeals did not pass on the substantiality of the Federal question, which was the sole basis of the trial court's decision.

What of the future? Of course, Congress could strip the Supreme Court of jurisdiction in civil-rights cases and also the district courts, which, it can be argued, Congress should do because the court has unconditionally invaded an area left to Congress by the 14th amendment, but until then we are remitted to the Brown and Bolling cases.

Violent departures from settled constitutional doctrine as were the Brown and Bolling cases, I do not expect them to be changed. The lower Federal courts will doubtless feel constrained to follow Brown instead of Gong Lum, and Gaines, because Brown is later in time, although far less well founded. The second Brown decision in State cases contemplates adjustment to local conditions under the supervision of local Federal district courts. The findings of the lower Federal court judges in such cases are entitled to great weight, and if affirmed by the respective circuit courts of appeal, bring into play the rule that the Supreme Court will not normally disturb findings of fact agreed upon by both courts below.

The tempo of integration, therefore, is in the hands largely of the lower Federal judiciary, to the extent it can gain support for its findings in the appropriate circuit court.

Since the Supreme Court has placed the whole problem of integration in the public schools within the equity jurisdiction, the normal rules relating to Federal equity findings and review thereof will doubtless control. In most cases where both lower courts have agreed, the review of such findings in the Supreme Court under accepted principles is virtually nil. Perhaps the equity procedure, carefully administered in the lower courts, will provide that adjustability to local conditions and that "deliberate speed" of which the Supreme Court so enigmatically spoke. Fairly administered, the "deliberate speed" may become less speedy and more deliberate.

It will not be forgotten, however, that judicial volcanoes, like volcanoes in the state of nature, sometimes continue to erupt.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. DOUGLAS. Mr. President, before the Senate takes up specific amendments to the Reciprocal Trade Act, I believe that it would be helpful if we pinpointed where a major portion of the difficulty lies.

The Eisenhower administration is now working on the Senate to protect itself from probable protective tariff findings and rulings by its own appointed Tariff Commission. It is therefore asking that the so-called Kerr-Thurmond amendment be eliminated from the bill.

I opposed the adoption of this amendment in committee, and will, of course, vote against it on the floor. At the same time, I think it is appropriate to point out that the troubles of the administration in this respect are largely of its own making. One reason why both we and the administration should be afraid of the findings of the Tariff Commission is that the administration itself has persistently throughout its entire life packed the Commission with confirmed protectionists. Thus the President appointed as its chairman Edgar Brossard, a disciple of Reed Smoot with a 40-year record as a firm believer in protection. Then there was appointed as vice chairman Joseph E. Talbot, a professional lobbyist for protection. The other appointments, with one exception, have been of the same kind. If the administration is afraid of what these men will do, it has only itself to blame.

And now they are coming to the liberal Democrats of the North and West to ask for protection against their own misdeeds. The whole situation reminds me of a chapter in the Peterkin Papers—a book which delighted young readers a half century ago.

The Peterkin family were a blundering lot, who got themselves into all kinds of messes, and then had to call for help on the lady from Philadelphia who lived across the street. The Peterkin family disliked this lady, but again and again were forced to ask her for aid.

One morning Mrs. Peterkin made the mistake of putting salt in the coffee instead of sugar. Everyone made a wry face and Mrs. Peterkin, to counteract the taste, then poured in a lot of sugar. But this made the coffee far too sweet, and so to offset this she dumped in more salt. This, however, was an overdose and things got worse when Mr. Peterkin emptied the sugar bowl into the coffee pot in a vain effort to set things right.

Then the whole family, young and old, began to wring their hands and to set up cries of distress. Finally, they called across the street to the lady from Philadelphia to come and save them.

Remembering the shabby treatment she had previously received, she came somewhat reluctantly, but when they asked her what to do, she replied in a commonsense manner, "Throw out the whole batch of coffee and make a new one."

That is my advice to this administration, "Throw out the whole Tariff Commission and appoint a new and better one. Unless you do, you are going to get into more trouble."

I really fear, however, that the administration will not take this commonsense advice. It is even possible that there

is method in its apparent foolishness. By appointing high tariff commissioners they may think they can win the support of the big contributors from textiles, chemicals, coal, oil, and so forth, while by asking for legislation such as they now are doing, they can win the support of consumers, importers and the export industries. By doubletalk, they may think they can run with the hare and hunt with the hounds.

Perhaps they may also think that they have devised a smart gimmick with which they can belabor us liberal Democrats, whom above all others they dislike. If we do not respond to the piteous appeals of the President, the White House attacks us as obstructionists. If we do help him out, then the Republican National Committee and local Republican leaders attack us bitterly for not protecting local industry. With their strong hold on the press, the leaders of the Republican Party may believe that they can win both groups by contradictory policies and smear us no matter what we do.

Under these circumstances, we could not be blamed if we denied the administration's pleas. But I do not want to let natural and human resentment sway my actions. I shall vote for what I believe to be the best interests of the Nation and trust to simple truth to defeat the guile of men.

GRADE, PROCUREMENT, AND TRANSFER OF AVIATION CADETS

Mr. CHURCH. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 1893, House bill 11626.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 11626) to amend section 6911 of title 10, United States Code, to provide for the grade, procurement, and transfer of aviation cadets.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. CHURCH. Mr. President, the purpose of the proposed legislation is to eliminate the present requirement that a naval aviation cadet sign an agreement to serve on active duty for a continuous period, including time required for training, of not more than 4 years and to replace it with a requirement that the cadet sign an agreement to serve on active duty as a commissioned officer for at least 3 years after completion of the course of training as an aviation cadet.

EFFECT OF THE BILL

The effect of the bill is to repeal the present provision of law which provides a maximum of 4 years of active duty for naval aviation cadets, including the required period of cadet training now totaling 18 months. The bill would require a minimum period of 3 years of service as a commissioned officer, which

would exclude the period of cadet training. The committee was advised that the Secretary of the Navy plans in future cadet agreements to require 3½ years of active service as a commissioned officer following cadet training.

REASON FOR LEGISLATION

This legislation is considered necessary in order to improve the combat efficiency of our fleet aviation units and effect considerable savings in our flight-training program, by requiring increased tours of obligated service for persons completing flight training under the aviation cadet program.

The cost of training an aviation cadet is now about \$100,000. Modern aircraft are so complex and expensive that an extremely high level of proficiency is required of a pilot before he can participate in fleet operational flight activities. The new pilot must spend a considerable part of his first tour of duty in the fleet becoming seasoned and acquiring the state of combat readiness and operational proficiency necessary to make him the finished product that is so essential in the success of modern flight operational concepts.

Under existing law, the naval aviation cadet acquires an obligation to serve on active duty for not more than 4 years, which includes the flight training time. As a result, naval aviators who were initially procured and trained as aviation cadets, in most cases are not able to complete more than one normal tour of training and deployment with the fleet within their period of obligated service. Under existing conditions, this creates a tremendous turnover of aviation personnel and instability in fleet operating squadrons and places a continuous strain on our procurement of new replacements and on our flight training facilities. It is an extremely costly process, but one the Navy has had to face to meet the overall requirements of the Navy.

This bill, by changing the active duty requirement to a period of at least 3 years after completion of training, will provide a degree of flexibility in the service obligation so as to permit the employment of the new aviators on at least two normal tours of deployed duty with the fleet. This additional requirement will increase the efficiency, combat readiness, and safety of the fleet flight operations since a greater percentage of the pilots will be second-tour pilots. Experience has shown that the second-tour pilot is the more capable pilot and has a much lower accident rate than the relatively inexperienced first-tour pilot. It will improve the stability of aviation personnel and will result in considerable savings in the cost of flight training by permitting a reduction in the rate of flight training—each student pilot reduced would result in a savings of about \$100,000.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

EMPLOYMENT OF REGULAR NAVY OFFICERS ON SHORE DUTY

Mr. CHURCH. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar 1894, House bill 11636.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 11636) to repeal section 6018 of title 10, United States Code, requiring the Secretary of the Navy to determine that the employment of officers of the Regular Navy on shore duty is required by the public interest.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services with an amendment, to strike out all after the enacting clause and insert:

That section 6018 (2) of title 10, United States Code, is amended by striking "and his determination to that effect is stated in the officer's orders to shore duty."

Mr. CHURCH. Mr. President, the pending bill as referred to the committee provided for the repeal entirely of section 6018, title 10, United States Code.

This section prohibits the assignment of certain officers of the Regular Navy to shore duty unless—

First, the shore duty is specifically provided for by law—assignments of officers to duty as chiefs of bureaus or assistants to chiefs of bureaus within the Department of the Navy are specifically provided for by law—or

Second, the Secretary of the Navy determines that the employment of the officer on shore duty is required by the public interest and his determination to that effect is stated in the officer's orders to shore duty.

The committee was of the opinion that the principal objective of the bill could be met by striking the words above written than by repealing the entire section. The bill, as amended, repeals the requirement that the determination of shore duty must be stated in the officer's orders. The departmental witness testified that it was just that part of section 6018 which required the necessity for writing the shore-duty requirement in an officer's orders, from which the Navy desired relief.

It was the view of the Navy that the statement in each officer's orders imposed a substantial administrative requirement which served no useful purpose.

COST DATA

Enactment of this proposed legislation would result in no additional cost to the Government.

DEPARTMENTAL DATA

The Department of the Navy, for the Department of Defense, recommends enactment of the proposed legislation.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to amend section 6018 of title 10, United States Code, requiring the Secretary of the Navy to determine that the employment of officers of the Regular Navy on shore duty is required by the public interest."

Mr. CHURCH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. Do I correctly understand that an order has been previously entered under which the Senate will convene at 10 o'clock on Tuesday morning?

The PRESIDING OFFICER. The Senator is correct.

Mr. JOHNSON of Texas. And that following the morning hour on Tuesday the Senate will operate under an agreement for limitation of debate, 1 hour on each amendment and 4 hours on the reciprocal trade bill?

The PRESIDING OFFICER. The Senator is correct.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. I should like all Senators to be informed that it is planned to have the Senate consider the conference report on the atomic energy authorization bill when it is available for consideration; that is, after the House has acted. The report is a privileged matter, and the Senate will act on it, provided it does not require lengthy discussion. I shall rely upon the distinguished and able Senator from New Mexico [Mr. ANDERSON] to call up the conference report when it is available.

Do I correctly understand that the report may be called up even though the Senate is operating under a time limitation, since the report is a privileged matter?

The PRESIDING OFFICER. Conference reports are privileged matters. The report could be considered without disturbing the status of the unfinished business.

Mr. JOHNSON of Texas. I thank the Chair. I desire all Senators to be on notice that the report will be considered when it has come over from the House. If lengthy discussion will be required, I shall ask that further consideration of

the report be withheld until the Senate has completed its consideration of the reciprocal-trade bill.

Following the completion of action on those two measures, it is planned to have the Senate consider the pay bills for the police and fire departments of the District of Columbia, the United States Park Police, the White House Police, and the schoolteachers of the District of Columbia.

Also, we expect to have considered calendar No. 1687, Senate Resolution 264, favoring the establishment of an International Development Association in cooperation with the International Bank of Reconstruction and Development, and calendar No. 1866, H. R. 7576, to further amend the Federal Civil Defense Act of 1950.

I shall report to the Senate in the next day or two the progress which is being made on the appropriations bills, but I expect to have the Senate consider next week both the Department of Defense and the mutual aid appropriation bills.

We also hope to have available the military-public-works bill, which now is being marked up by a subcommittee of the Armed Services Committee.

I shall give the Senate as much advance notice as possible in regard to those measures.

I also expect to bring up the agricultural bill, from the Committee on Agriculture and Forestry. I wish to have that bill considered probably later in the week, after the policy committee has cleared it.

SOVIET RUSSIA AND THE DOMESTIC ALUMINUM INDUSTRY

Mr. MARTIN of Iowa. Mr. President, on Monday, July 14, I discussed some recent aspects of the Soviet trade offensive which seriously affect the availability of strategic materials in any future war. As many of my colleagues know, for many years, I have been interested in the mobilization base afforded by our domestic economy.

At the very time that I was addressing the Senate, representatives of the 6 domestic aluminum companies were presenting the same problem to the executive branch of the government, at a meeting with the State Department's Bureau of Economic Affairs.

I have received a copy of the memorandum which was submitted by the 6 domestic producers to the State Department. It further confirms the statements which appeared in a feature article entitled "Reds Aim Economic Guns at United States," published in the June issue of "Nation's Business". Excerpts from the article were printed at the conclusion of my remarks in the CONGRESSIONAL RECORD of July 14.

The aluminum industry said:

There is no secret as to the purpose of this Soviet activity. In November of 1957, Mr. Khrushchev stated specifically:

"We declare war upon you—excuse me for using such an expression—in the peaceful field of trade.

"We declare war. We will win over the United States. The threat to the United States is not the ICBM, but in the field of peaceful production. We are relentless in

This requires the establishment of controls which will effectively limit the imports from foreign suppliers in times of surplus. Such imports should bear some reasonable relationship to imports which have been customarily made from the same suppliers in normal times and in times of scarcity. Control could be established in terms of absolute tonnages, or in terms of percentages of past shipments made in a base period.

It is suggested that a reasonable approach would be to take in times of aluminum surplus the percentage of capacity at which the domestic industry is then operating as the standard. Each foreign producer should then be limited to the corresponding percentage of his actual sales in the United States market in the last previous year of full capacity operation (at the time 1955 would be the base year). Variations could be provided for in special instances where this formula seemed inappropriate.

Such controls might be imposed by legislation, but it is believed that they could first be sought through negotiation by the United States Government with foreign governments for a system of controls. Foreign producers are aware that their own governments are not prepared to permit increased imports of aluminum in times of surplus. They should accept the need for similar action by the United States.

C. Antidumping legislation:

An advantageous field of study would be the possibility of enactment of antidumping legislation which would be as practical and as effective as the provisions of the current Canadian law. Under its law, Canada has been able to give its manufacturers effective protection against foreign competition.

Finally, the entire problem of combating the Soviet economic offensive demands collaboration between Government and industry. It is recognized that preparation for a military war requires military leaders; it should be equally recognized that the participation of business is necessary in preparing to fight a war of trade.

Respectfully submitted,

ALUMINUM COMPANY OF AMERICA.
ANACONDA ALUMINUM CO.
KAISER ALUMINUM & CHEMICAL CORP.
OLIN MATHIESON CHEMICAL CORP.
REVERE COPPER & BRASS, INC.
REYNOLDS METALS CO.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority to the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

PROPOSED EXTENSION OF 1934 TRADE AGREEMENTS ACT IF NOT EXTENDED REVERTS TO TARIFF ACT EQUALIZATION OF COSTS PRINCIPLE

Mr. MALONE. Mr. President, the press reports since Friday's debate on the extension of the 1934 Trade Agreements Act would indicate very little understanding of the subject which is now under consideration by the Senate. The Senate Finance Committee proposed a reduction of the 5-year extension and 25 percent reduction of tariffs proposed by the House to 3 years and 15 percent. Most of the press reports imply that those of us who oppose extension of the act wish a return to the legislation method of adjusting duties or tariffs. Mr. President, nothing could be further from the truth.

The fact is, Mr. President, that if Congress does not extend the 1934 Trade Agreements Act, and if 60 days' notice is given to the Secretary General of the United Nations then, in the case of the nations with which the United States has multilateral trade agreements, prepared in Geneva, by the 36 foreign competing nations, equally among them, the determination of the tariffs or duties on all products covered by such agreements will revert to the Tariff Commission, an agency of the Congress on the statutory note under the 1930 Tariff Act. That act provides that the Tariff Commission shall proceed to determine the reasonable cost of production of an article in the United States and the reasonable cost of production of the same article or similar articles in the chief competitive foreign nations, and shall recommend the difference as the tariff, and it becomes the tariff.

The Congress set down the principle of equalization of costs in the 1930 Tariff Act—such flexible tariff or duty to be automatically adjusted continually by the Tariff Commission.

DEATH OF TRADE AGREEMENTS ACT WILL RESTORE ORDERLY PROCESS OF ADJUSTING TARIFFS

So, Mr. President, if the 1934 Trade Agreements Act, as extended to June 30, 1958 is now dead, there is no reversion to the legislative method of determining tariffs.

The Congress could of course deal with with the tariff in the case of any particular product, or products, as it might wish to do. But the Congress laid down the principle in section 336 of the 1930 Tariff Act of determination of the tariff by the Tariff Commission, an agency of the Congress.

TARIFFS UNDER 1930 PLAN WOULD MAINTAIN AMERICAN STANDARD OF LIVING

So, Mr. President, those of us who object to extension of the 1934 Trade Agreements Act wish to have our Nation return to the principle established by Congress in 1930, the best free trade law ever passed by the Congress, and under which the standard of living in the United States will be maintained while other nations raise their standards of living.

TARIFFS WOULD DROP AS OTHER NATIONS RAISED WAGE LIVING STANDARDS

In the case of any product, if the chief competing nation raises its standard of wages, standard of living, then the Tariff Commission, on its own motion, or at the request of the President or of a congressional committee or a producer or a consumer, can again consider the tariff as a product either in 1 month or in 1 year or in 10 years—and can reduce the flexible tariff, to continually represent the difference between the reasonable cost of producing that article in the United States and the cost of producing it or a like product in the chief competing nation. By existing law, that would be done by the Tariff Commission, an agent of Congress, under the "equalization of costs of production" principle established by Congress.

TARIFFS PRIOR TO TRADE AGREEMENTS ACT REPRESENTED DIFFERENCE BETWEEN UNITED STATES AND FOREIGN COSTS ON EACH PRODUCT

The objective has always been to have the tariff or duty, under article I, section 8 of the Constitution, represent the difference between the wages and taxes and cost of doing business in the United States and the corresponding costs in the chief competing nation, in the case of each product.

So, where those who write the newspaper dispatches get the idea that those of us who are opposed to an extension of the 1934 Trade Agreements Act, as extended, wish to have a return made to the old legislative system of adjusting tariffs, is beyond my comprehension. I would not say the distortion is deliberate, but it seems impossible to misunderstand.

FOREIGN NATIONS EXPERT ON USING TARIFFS TO LURE INDUSTRIES

Mr. President, the foreign nations understand what the shading of tariffs or duties mean in connection with the location of industries.

The European colonial nations which lived by their wits for 300 years—although the colonial system died when the airplane dominated the British Fleet at the end of World War II—understand how to get industries located in their own countries. That is done by shading tariffs.

In addition, they have exchange permits and import permits, with the result that the only way to have access to their markets is to locate manufacturing plants in those countries. Then, through the continual lowering of tariffs in this country, such a producer or manufacturer not only has access to the American market, through his American plant, but also has access to the market in the other country. The result is to utterly destroy the American workingmen and investors; and that is what the system was designed to do.

ULTIMATE FREE TRADE WITHOUT DESTROYING NATION'S ECONOMY, OBJECTIVE OF 1930 TARIFF ACT

The objective of the 1930 Tariff Act was to have free trade; but in that connection the Congress said, in effect, to the foreign nations, "You must not destroy our country, with the result that the standard of living of all countries will go down to the standard of living in your country, and all of them will come up together, if at all. Instead, our Tariff Commission will adjust our tariff downward as you raise your standard of living; and when the standard of living in the other countries is about the same as the standard of living in our country, then, in the case of each competing nation, there will automatically and immediately be free trade for each product."

Mr. President, I favor free trade by means of that system.

FIFTY BILLION DOLLARS INVESTED BY AMERICAN FIRMS IN FOREIGN COUNTRIES TO COMPETE WITH PLANTS HERE FOR UNITED STATES MARKET

Of course, every country favors free trade if its standard of living can be maintained while free trade is being reached. That is why more than \$50

billion has been invested by American corporations and individuals in foreign nations, for the construction of industrial plants, the products of which compete with the products of plants operated by American workmen and investors.

Once the plants are established abroad, the products of those plants have access to the American market, by means of our free trade arrangements. Of course, since the end of World War II, the American taxpayers have provided \$70 billion with which to construct plants abroad, in order to pay off dictators and to create dollar balances against our gold.

FOREIGN COUNTRIES HOLD POWER TO DRAIN OFF TWO-THIRDS OF UNITED STATES GOLD

Mr. President, without going further into that subject, which should be explored by the Senate let me say that, in the case of the Marshall plan and the other plans—and, of course, when those countries use our folding money, they can buy gold with it, although citizens of the United States are not permitted to buy gold—if all the dollar balances of both foreign companies and individuals were added to the national dollar balances and were to be demanded in gold, the United States would have left only approximately \$7,500,000,000 of the \$22,400,000,000 of gold it has in storage. That is an allied subject.

WORLD MARKETS LOST THROUGH INFLATION; HOME MARKET THROUGH 1934 TRADE ACT

When we went off the gold standard we priced ourselves out of the world trade market through inflation. Now we have given our own markets away and divided them among foreign nations through the 1934 Trade Agreements Act, laughingly called reciprocal.

As I have said many times on the Senate floor, those countries do not keep their share of the agreement; therefore it is a one-way street.

EUROPEAN COMMON MARKET MEANS COMMON TARIFF WALL AGAINST UNITED STATES PRODUCTS

There was an interesting dispatch in the New York Times of July 11 under the headline "Free Trade Area in Europe Balked."

I read from a part of the dispatch:

Britain had hoped the free trade area she suggested would come into being January 1 when the European Economic Community, or common market, began to operate.

It is thought now that the French uprising, and the more recent Middle East uprising, may postpone it.

Reading further from the dispatch:

The community consists of France, Italy, West Germany, Belgium, the Netherlands, and Luxembourg. Its members are to begin reducing tariffs against each other in January, and eventually they will eliminate them. But they are to maintain a common tariff wall against outsiders.

EUROPEAN "INSIDERS" VS. AMERICAN "OUTSIDERS"

Who are the outsiders, Mr. President? The United States of America is one of them. Never mind about the others; that is all we need to be interested in. We are one of the outsiders.

Reading further from this interesting dispatch from the New York Times, which supports free trade, the 1934

Trade Agreements Extension, billions to Europe, and all other movements that tend toward a world government:

The proposed free trade area was to include the six, Britain and other West European nations that wished to join. They were to maintain their own national tariff restrictions against outsiders.

Therefore, the provisions in the rules of the agreement under which they operate, the General Agreements on Tariffs and Trade, were not to be justified; they would keep their tariff against outsiders.

OLD WORLD POWERS RETAIN IMPERIAL PREFERENCE SYSTEMS

Reading further from the dispatch:

They were to maintain their own national tariff restrictions against outsiders. This was regarded as necessary for Britain since she has special tariff arrangements with members of the Commonwealth.

What do they call that? They have a name for it. I shall supply it for the RECORD. It slips my mind at the moment. But any member of the Commonwealth can trade with Britain, and Britain can trade with the members of the Commonwealth, to our disadvantage.

There are many things in this arrangement that do not meet the eye.

I shall now supply for the RECORD the name I could not think of before. The name is Commonwealth imperial preference system. Perhaps no one ever heard of it on the floor of the Senate or the House of Representatives, but it is what enables the Commonwealth nations to trade with each other to our disadvantage.

Reading further from the dispatch:

Some quarters have suggested as a sort of compromise that all the countries that would have been in the free trade area cut their tariffs by 10 percent in January—

Meaning with each other, not with us—

This suggestion has not been welcomed here—

In London that is; London, July 10, is the date of the dispatch—

But it might be received more favorably if it were specified that it was simply a first step toward a free trade area—

COMMONWEALTH OBJECTIONS TO EUROPEAN COMMON MARKET SEEN

Free trade among themselves and tariffs against us—

Even at that, it would present many difficulties. If the cut were to apply only to goods from member countries, it would undermine the Commonwealth's imperial preference system and Commonwealth countries undoubtedly would strongly object.

Mr. President, Great Britain—meaning the entire commonwealth—is headquartered in London. God bless them; I admire them for their sagacity. They know the importance of exchange permits, import permits, and the regulation of their own currencies in terms of dollars for trade advantages.

The people of Great Britain have lived in that little country, which is not much bigger than Ireland, for centuries, and they have run the rest of the world. They controlled the rest of the world with their fleet until the end of World War I, when the airplane dominated the

British fleet. That may or may not have been good for the world. That is not the subject under discussion today. But when a Britisher sits in conference, he knows what he is talking about. We have little understanding of the subject, or, if those participating have an understanding, they do what is worse—they trade the United States of America down the river.

EUROPEAN NATIONS FOUGHT 132 WARS IN 121 YEARS TO CONTROL MARKETS

I simply wish to call attention to a statement I made which appears in the RECORD of last week, Friday, July 18. I made a talk before the Senate, and at the end of my discussion I inserted in the RECORD a list—not counting World War I, but up to World War I—of 132 trade wars, from 1792, shortly after our Declaration of Independence, to 1913. From 1792 to 1797 was the war of the first coalition against France. It was a war with Austria, Prussia, Great Britain, Holland, Spain, Sardinia, and the Holy Roman Empire against France. The last one before World War I, the 132d trade war, was in 1913, the Serbian invasion of Albania.

Mr. President, these wars were trade wars. They were to control the markets of lesser countries, and in order to determine which was the lesser country, a war was fought, and the loser lost its markets. That was the colonial system which lasted almost 300 years.

WORLD WAR I CULMINATION OF 40-YEAR TRADE WAR BETWEEN BRITAIN AND GERMANY

These trade wars are discussed by Thorold Rogers in his *An Economic Interpretation of History*. The world war really started in 1914. An Austrian archduke was assassinated, just as a king was recently assassinated in Iraq. It was an excuse to go to war. It was a trade war. In 1917 we got into the war. What it was, Mr. President, was a 40-year trade war between England and Germany.

We proceeded to utterly destroy the only nation which ever held Russia in check. We have destroyed that nation twice.

This is not the place to discuss whether we should have entered the war. I am saying we did enter the war. And for what?

CONSTITUTION SEPARATED NATION'S ECONOMY, COMMERCE, FROM FOREIGN POLITICS

Mr. President, as I said before on the floor of the Senate, the Constitution of the United States pointedly separates the regulation of the national economy and the regulation of foreign commerce, through the adjustment of the duties, imposts, and excises which we call taxes, from foreign policy. The legislative branch is given the foreign commerce function. The fixing of foreign policy was put in the executive branch in article II, section 2 of the Constitution. The first power, to regulate the economy and foreign commerce, was put in the legislative branch in article I, section 8.

NATION'S FOUNDERS WEARY OF FIGHTING COLONIAL WARS FOR DISTANT KINGS

Why was that done, Mr. President? It was done because those old hedgehogs who went through the Revolutionary

War in the days of the Declaration of Independence—George Washington, Thomas Jefferson, Ben Franklin, and others—had been pushed around by experts, by the kings and queens and dictators who had both of those powers in their little hands—the power to fix foreign policy and to trade any way in the economic field and to regulate the economy of the country by Executive order.

They were tired of that situation. They had been pushed into those colonial wars, when there was no way to win because they were taxed for the war and made to fight the war. So when they got tired of all that business and tired of the Executive having the power to regulate the economic structure of the Nation and to fix the foreign policy—with all that power in one man, the Executive, be it a queen, king, dictator, or whatever—what did they do? They adopted the Declaration of Independence; they fought a long and bloody war until victory was won, and they wrote the Constitution of the United States. Under the Constitution they set up a new government in 1789.

A REPUBLIC—IF YOU CAN KEEP IT

What did Ben Franklin say about the Constitution when he was called out of Independence Hall in Philadelphia, when the Constitution was drafted in 1787? A Mrs. Powel asked Ben Franklin, "Well, Doctor, what have we got, a republic or a monarchy?" and Ben, with his characteristic frankness and straightforward talk, said, "A republic, if you can keep it." He did not seem too encouraged. No nation on earth had ever kept a representative republic form of government.

We did pretty well for the first 145 years, but in 1933 and 1934 we broke through, and the Congress of the United States amended the Constitution of the United States without submitting the amendment to the people. They did that by tying together the regulation of the national economy and the regulation of foreign trade, through the adjustment of duties, imposts, and excises, with the foreign policy under the Executive, as it had been before the Declaration of Independence. That is the situation as it was in England and under all the other kings and dictators.

WASHINGTON'S WARNING AGAINST USURPATION OF POWERS IGNORED IN 1933 AND 1934

George Washington warned this Nation in his farewell address:

The necessity of reciprocal checks in the exercise of political power, by dividing and distributing it into different depositories, and constituting each the guardian of the public weal against invasion of the others, has been evinced by experiments ancient and modern; some of them in our country and under our own eyes. To preserve them must be as necessary as to institute them. If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates. But let there be no change by usurpation; for though this, in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed.

That is what George Washington said, Mr. President, and that is what we are doing. Apparently we are doing it without any knowledge of what we are doing.

ABRAHAM LINCOLN WARNED AGAINST DESTRUCTION OF NATION FROM WITHIN

Mr. Lincoln, another former President of the United States, had another word for it. Mr. Lincoln foresaw that such a thing might happen, and that other things which are happening might happen, and he said that if this Nation were ever to be destroyed it would not be from without but it would be from within. Mr. President, that is where we are doing the job, right from within. No outside nation can do it.

I say, Mr. President, if it be right, and if there are men in the Senate or in the House of Representatives who believe that it is right for the economy of this country, the foreign trade and the adjustment of duties, imposts, and excises, in addition to the fixing of foreign policy, to be regulated by the President, then they should offer an amendment to the Constitution and take it to the people for a decision. I do not think there is anyone on the Senate floor who has "guts" enough to offer such an amendment. The people would know what was being done.

CONGRESS, PEOPLE EXCLUDED FROM TRADE AGREEMENT PARLEYS

Mr. President, we know, of course, that these trade agreements are made in Geneva—the multilateral trade agreements and bilateral trade agreements—by the State Department without the knowledge of any Member of Congress. They are not only made without the knowledge of any Member of Congress, but without the knowledge of any industrialist or any workingman whose job is endangered by them.

So the President of the United States under the power given to him by Congress—which is, of course, patently unconstitutional—has the power to remake, is remaking, and has remade the industrial map of the United States of America.

TRADE AGREEMENTS MADE ABROAD WHILE WORKERS IN 259 DISTRESSED AREAS IN UNITED STATES WALK STREETS

These are 259 depressed areas where the workingmen are walking the streets. The workingmen are on relief, or are being paid unemployment compensation. Why is that? It is because the President of the United States, directed by the State Department—that is a fair statement, considering the testimony of Mr. Dulles—and with the advice of the State Department has traded these industries down the river, through imports.

SENATE REPORTS SHOW FALLACY OF FIGHTING FOREIGN WARS FOR RAW MATERIAL

Mr. President, I want to say again on the floor of the Senate that we have fought 2 or 3 foreign wars on the assumption that we were fighting for raw materials. The President of the United States used to say, "We must get these raw materials from Asia or Europe; therefore, we must protect those areas."

Mr. President, two reports have been made by a very fine committee of the Congress, the Committee on Interior and Insular Affairs.

One of them is Senate report 1627, published by the Senate in 1954, relating to the accessibility of critical materials to this Nation in time of war and for industrial expansion in times of peace.

The second is Senate document 83 of the following year, which covered the entire 42 nations and entities of the Western Hemisphere and their economic relationship to the United States of America. Those reports are both textbooks, Mr. President, and no one has ever disputed a line in them.

WESTERN HEMISPHERE POTENTIALLY SELF-SUFFICIENT IN STRATEGIC, CRITICAL MATERIALS

I should like to tell Senators what is in the reports. The reports state that we can make the Western Hemisphere self-sufficient for everything we need for war or peace. There are 87 so-called strategic and critical materials. And the reports state we can defend the Western Hemisphere from North America.

Mr. President, it may be that we have to protect the oil in the Middle East for Europe. This is not the time to comment on whether we should do so, because our Marines are there, and I do not intend to embarrass the President by any such talk at this time. I have my own ideas about it, however.

In 1947 I was in the Ruhr, in Germany, in France, and in England in the coal and iron areas. I saw what was happening even then. Those industries were built on the coal mines. The industries were converting from coal to oil, which it was necessary to ship 1,500 or 2,000 or 2,500 miles. And no one could protect it. So we now observe that those industries are dependent upon oil and we have to furnish the oil. Senators will remember the Suez Canal episode, when we shipped the oil from America—we furnished the money, the oil, and the shipping.

MORE INFLATION, HIGHER DEBT LIMIT LOOMS UNDER PRESENT POLICIES

There are many things the United States can do, but there may be some with respect to which we might be overreaching a little.

As I showed last Friday, we are paying interest in this Nation on more than \$850 billion—much more than three-quarters of a trillion dollars. The American people are paying interest on that amount of money.

The first thing we know, there will be another suggestion for a debt-limit rise, and more inflation. There may be a limit to some of these things.

UNITED STATES PROTECTING COLONIAL EMPIRES THROUGH INTERNATIONAL PACTS

It is very convenient to have all our friends retain their colonial areas. I remember that I stood on the floor of the Senate and urged the question with the late distinguished Senator from Michigan, Senator Vandenberg, in connection with the NATO pact. I said to Senator Vandenberg, who was one of the senior Senators at that time, "If we

sign the Atlantic Pact, we shall be guaranteeing the integrity of the colonial nations throughout the world."

He said, "Oh, no."

I said, "Let me explain it. We are guaranteeing to go to war when they are at war. How are they to get into a war? They will get into a war through protection of their colonial areas."

I think that is a very clear statement. It must be clear to everyone why we are getting into this war. All the press dispatches state—and, of course, it is true—that the French troops in Africa are using American material and guns.

It has never been successfully disputed that the Western Hemisphere can be self-sufficient and produce everything it needs for war or peace. We do not need to have anything cross a major ocean. We are in a trading position; but do we use it?

AMERICAN MARKETS DIVIDED, THROUGH GATT WITH 36 FOREIGN NATIONS

Under the 1930 Tariff Act, the flexible tariff always represents the difference between the reasonable cost of production in this country and the reasonable cost of production of the same or a similar article in the chief competing nation. Under the flexible tariff, the tariff goes down as the chief competing nation raises its standard of living. That takes place automatically, without any action by Congress. Free trade is automatic and immediate whenever the other nation reaches our standard of living. That is the kind of free trade act under which this nation can maintain its position without sacrificing the economic structure.

We priced ourselves out of all foreign markets. The only way we can sell anything is to make up the difference by an appropriation of cash of American citizens. We have divided the market with 36 nations sitting at Geneva, and some others in connection with bilateral trade agreements. They do not have to keep, and do not keep, their part of the trade agreements.

INTERROGATION OF SECRETARY WEEKS DURING FINANCE COMMITTEE HEARINGS

On June 21, 1958, before the Senate Finance Committee, under my questioning, this is what Secretary Weeks said:

Senator MALONE. He (the President) does not need to consult Congress or the Tariff Commission or anybody else.

Secretary WEEKS. So long as he conforms to the rules and regulations and the statute.

Senator MALONE. That is right, and that means first within 50 percent and then another 50 percent, and now it is an additional 15 percent at 5 percent a year, and you are currently asking for a 25 percent further reduction, and that would be within the limits, would it not?

Secretary WEEKS. Yes, sir.

Senator MALONE. And he could do that regardless, could he not, without consulting anybody except his own Cabinet?

Secretary WEEKS. He has to first go to the Tariff Commission for their peril point recommendation.

Senator MALONE. Is that in the law now?

Secretary WEEKS. Yes, sir, and in the proposed law.

Senator MALONE. That he cannot make a trade agreement until he has the advice from the Tariff Commission?

Secretary WEEKS. That is right.

Senator MALONE. But if he wanted to make the trade agreement regardless, he could make it, could he not?

Secretary WEEKS. No; I do not think he could.

Senator MALONE. I think you had better look that up. Are you telling me that he could not do it, regardless of the Tariff Commission recommendation?

Secretary WEEKS. The peril point procedure is established in the legislation.

Senator MALONE. But it does not say that he has to conform to it, does it? This is what it says, and I guess I will have to look up the wording, but you are simply making this a little longer cross examination. What he has to do when he does not conform to it, he has to explain to Congress why he did not.

Secretary WEEKS. Senator, he has to get the peril point finding.

Senator MALONE. Yes.

Secretary WEEKS. But he does not have to conform to what the finding is.

Senator MALONE. That is what I asked you in the first place.

Secretary WEEKS. Yes, that is correct, but as I said, he has always—

Senator MALONE. * * * Let's go on to the next question. I do not care about that and I do not think he always has. But he does not need to. That is the purpose of this question.

Secretary WEEKS. He has to get the information but he does not need to conform.

Senator MALONE. He does not have to go by it.

Secretary WEEKS. That is right.

Senator MALONE. * * * Then in effect, what he can do if he thinks it will further his foreign policy, he can sacrifice all or part of any industry under consideration, can he not?

Secretary WEEKS. He can go beyond the peril point if he sees fit.

PRESIDENT CAN IGNORE SO-CALLED PERIL POINT PROVISION IN TRADE ACT

It required about 20 minutes each time to get a direct answer, but what he said in the final analysis was that the President did not have to take into consideration the peril point at all. Of course, that is true.

I said to Mr. Weeks again, on cross-examination:

Senator MALONE. * * * Are they (the GATT nations) bound to keep their agreements, the trade agreements, that they sign with us if they can show that they are short dollar balance payments?

Secretary WEEKS. No, they are not.

Secretary WEEKS. May I say this, Senator. Where quota restrictions are imposed, they are not violating any agreement.

Senator MALONE. I understand that.

Secretary WEEKS. Because it is a part of the agreement that they can do it until they can get themselves on a basis where they can keep up to the level.

Senator MALONE. Why of course. Until they are living just like we are, we fully divide the wealth and the taxes, the money of the taxpayers and the markets of the United States with all the 36 of them so they can live like we do or we live like the do.

Then they would be bound, wouldn't they? You say yes to that. Now that is the end of that.

TESTIMONY OF SECRETARY DULLES AT FINANCE COMMITTEE HEARING CITED

On the same day Secretary Dulles testified as follows regarding the proposed extension of the Trade Agreements Act:

Senator MALONE. * * * In other words, if it causes serious injury. It is not a question

of making any money but the peril point would be at a point where there would be serious injury done the industry.

Secretary DULLES. That is what the act provides.

Senator MALONE. Now as a matter of fact, is the President bound by the peril point?

Secretary DULLES. No.

* * *

Senator MALONE. * * * Could you answer it yes or no, that if by manipulation of the value of a competitive nation's money it can change the cost of its product?

Secretary DULLES. Yes, it can.

INDUSTRIES DEAD BEFORE INQUIRY TEST COMPLETED UNDER PRESENT SYSTEM

Mr. President, if we wait until there is serious injury to an industry, the industry is gone. No stock can be sold and no money can be raised.

By this time I had gotten Mr. Dulles trained, so there were no further speeches.

Secretary Dulles testified further:

Senator MALONE. * * * The escape clause can be invoked by the President if he wants to invoke it.

Secretary DULLES. Yes, sir.

Senator MALONE. And if he thinks his foreign policy demands that he keep the trade agreement the way it is, he can do that, can't he?

Secretary DULLES. Yes, sir.

Senator MALONE. Now then, what the President can do is that he can sacrifice a part of any industry that he may think is necessary to carry out and make effective his foreign policy, can he not?

Secretary DULLES. Yes, sir.

We had reached the point where we were not making speeches.

PRESIDENT SOLE ARBITER UNDER PRESENT TRADE ACT PROVISIONS

Both Secretary Weeks and Secretary Dulles say that under the present Trade Agreements Act the President of the United States does not have to consult anyone. Under the Senate committee amendment to the bill it would be necessary for him to consult Congress and obtain the approval of the majority of both Houses. Otherwise, he could proceed without any check whatever. The House provision was to the effect that a two-thirds' vote of both Houses of Congress would be required to refuse the President permission to proceed. It would be almost impossible to obtain a two-thirds vote of both Houses of Congress on any proposition.

The Senate Committee on Finance made sense by providing that if the President wanted to trade a part or all of an industry to further his foreign policy, he must get the approval of both Houses.

CONSTITUTION REFLECTS CLAIM AMENDMENT AND TRADE ACT AFFECTS PRESIDENT'S AUTHORITY

I read articles and statements in papers and editorials and various dispatches to the effect that an attempt is being made to take from the White House certain authority which the President has.

What authority, Mr. President? The Constitution puts all the authority in the legislative branch. It puts the foreign policy in a separate part of the Constitution, in article II, section 2. It provides that the Executive shall fix the foreign policy of this Nation. However, the leg-

islative branch is given the authority to regulate the economy. It is given the authority to adjust duties, imposts and excises, and to regulate foreign trade. In the 1930 Trade Act we put the authority in the Tariff Commission. We established the best free trade act ever passed by Congress. Every rise in the living standard of the chief competing nation on any product is recognized by a compensatory lowering of the tariff. It is a flexible matter. When the living standard in the chief competing nation is about even with ours, free trade is automatic, and no one has been injured in the interim.

SECRETARY DULLES CONCEDES FOREIGN NATIONS CAN EASILY VOID GATT AGREEMENTS

I asked Secretary Dulles the question:

Senator MALONE. My meaning is that they (GATT nations) do not have to keep the agreement if they can show that they are short of dollars balance or that they are not up to par in the trading and exchange payments.

Secretary Dulles answered:

That is substantially correct.

The following colloquy then ensued:

Senator MALONE. What happens to the (Tariff Commission's) recommendations?

Secretary DULLES. What happens to them?

Senator MALONE. Yes.

Secretary DULLES. Sometimes they are followed, sometimes they are not.

It ought to be clear what is happening. No one is proposing to go back to the legislative method of fixing tariffs or duties. Section 336 of the Tariff Act of 1930 laid down a principle. Congress made the Tariff Commission an agent of Congress to carry out that principle. It makes no difference who is on the Tariff Commission. If they violate that principle, the Senate Committee on Finance and the House Ways and Means Committee can have those members of the Tariff Commission up here the next day. They would not like to come if they have violated a principle.

FIVE AND A HALF MILLION JOBLESS IN UNITED STATES; 380,000 IN BRITAIN

Mr. President, presently I shall ask to have printed in the RECORD a list of the 243 distressed areas in the United States listed by the bureau of employment security in its May issue of "Area Labor Market Trends," and 16 additional areas it added in June.

But before I do that shall refer to a report on unemployment in Great Britain, as published in "British Affairs," issue of July, 1958, and is quite official, "British Affairs" being a publication of the British Government.

This publication gives the total working population of Great Britain, as of the end of December, as 24,148,000; total unemployment as 380,000. That works out to 1.5 percent. Steel output had increased a million tons over the previous year. Coal output had increased a million six hundred thousand tons, and automobile output from 708,000 to 861,000 cars. England protects her domestic industries.

NATION'S DISTRESSED AREAS LISTED BY LABOR BUREAU AS AREAS OF "LABOR SURPLUS"

Mr. President, in case Senators have not heard what it costs to get an Ameri-

can automobile into Great Britain, I should like to inform them that it costs 55 percent of the American cost; 25 percent is taxes and 30 percent is tariff. That is the reciprocity we get.

Now we turn to the list of distressed areas in the May issue of our own Department of Labor's "Area Market Trends." The Department of Labor does not use the term "distressed areas." It prefers to call them areas of "substantial labor surplus."

MINES CLOSED IN NEVADA; DISTRESSED AREAS NOT INCLUDED IN LABOR DEPARTMENT TABULATION

There are 3 or 4 areas in the State of Nevada of substantial labor surplus, and they are not listed among the 243 areas, plus the 16 distressed areas listed in this publication. Lincoln County in Nevada is a mining county in which the working men had over the years bought their houses through the Federal housing organization. The Government is getting the houses back, because the people cannot sell their houses. The mines are closed.

In Humboldt County, where about 50 percent of the taxes came from the mines. The mines are closed. The same condition prevails to a lesser extent in that county because there are other ways in that county of creating tax revenues.

In Ely, Nevada, there are a great many unemployed miners from the copper mines, because of the importation of copper over the years from foreign countries.

TRADE AGREEMENTS ACT MAKES RELIEF BILL FOR MINING INDUSTRY NECESSARY

Last week we passed a bill, which is now in the House of Representatives, which would relieve the situation to a certain extent by buying 150,000 tons of copper during this fiscal year, in order to take some of the surpluses off the market. That condition has been brought about by those imports. The bill also includes tungsten, lead, zinc, and fluorspar.

Any of that would not be necessary if we would not revert to the Constitution of the United States. No legislation would be necessary if we did that.

Now we turn to the distressed areas or, as the Department of Labor calls them, "areas of labor surplus"—as though a labor surplus is something that might be welcomed. What a substantial labor surplus does mean, however, is that a great many people in the area are out of work.

NATION'S 259 DISTRESSED AREAS LISTED ALPHABETICALLY BY STATES

The Department of Labor also divides its areas of substantial labor surplus or distressed areas into two categories, major areas and smaller areas.

I do not know why this distinction is made. To me unemployment is just as tragic in Butte, Mont.; Laredo, Tex., or Muncie, Ind., which are among the smaller areas, as it is in New York City; Chicago, Ill.; or Chattanooga, Tenn., which are listed among the larger areas.

I shall therefore make no such distinction, but will list the areas by States.

Mr. President, I ask unanimous consent to have included in the RECORD at

this point a list of the States, showing the distressed areas.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Alabama: Anniston, Florence-Sheffield, Gadsden, Jasper, Mobile, and Talladega.

Alaska: Anchorage.

California: Eureka, Ukiah.

Connecticut: Ansonia, Bridgeport, Bristol, Danbury, Danielson, Meriden, Middletown, New Britain, New Haven, Norwich, Thompsonville, Torrington, Waterbury, and Willimantic.

Georgia: Columbus, Toccoa.

Illinois: Canton, Centralia, Chicago, Decatur, Harrisburg, Herrin-Murphysboro-West Frankfort, Joliet, La Salle, Litchfield, Mount Carmel-Olney, Mount Vernon, Peoria, Springfield, and Woodstock.

Indiana: Anderson, Connersville, Evansville, Fort Wayne, Indianapolis, New Castle, Richmond, South Bend, Terre Haute, and Vincennes.

Iowa: Ottumwa.

Kansas: Coffeyville-Independence-Parsons, Pittsburg.

Kentucky: Corbin, Frankfort, Hazard, Louisville, Madisonville, Middlesboro-Harlan, Morehead-Grayson, Owensboro, Paintsville-Prestonburg, Pikeville-Williamson.

Maine: Biddeford-Sanford, Lewiston, Portland.

Maryland: Baltimore, Cumberland.

Massachusetts, Mr. Weeks' home State and the State where Henry Wallace felt some milltowns might be hurt temporarily by the Trade Agreements Act: Brockton, Fall River, Fitchburg, Greenfield, Haverhill, Lawrence, Lowell, Marlboro, Milford, New Bedford, Newburyport, North Adams, Pittsfield, Springfield-Holyoke, Southbridge-Webster, Taunton, Ware, Worcester.

Michigan: Adrian, Ann Arbor-Ypsilanti, Battle Creek, Bay City, Benton Harbor, Detroit, Escanaba, Flint, Grand Rapids, Ionia-Belding-Greenville, Iron Mountain, Jackson, Lansing, Marquette, Monroe, Muskegon, Owosso, Port Huron, Saginaw.

Minnesota: Duluth-Superior, Minneapolis-St. Paul.

Mississippi: Greenville.

Missouri: Flat River-De Sota-Festus, Joplin, Kansas City, St. Louis.

Montana: Butte, Great Falls, Kalispell.

New Jersey, home State of our Secretary of Labor, under whose direction the lists of distressed areas are compiled: Atlantic City, Bridgeton, Long Branch, Morristown-Dover, Newark, Paterson, Perth Amboy, Trenton.

New York, home State of our distinguished Secretary of State, who negotiates trade agreements with foreign countries: Albany-Schenectady-Troy, Amsterdam, Auburn, Batavia, Buffalo, Elmira, Gloversville, Jamestown-Dunkirk, New York City, Oneonta, Syracuse, Utica-Rome, Watertown.

North Carolina: Asheville, Durham, Fayetteville, Greensboro-High Point, Kinston, Morganton, Mount Airy, Rockingham-Hamlet, Rocky Mount, Rutherfordton-Forest City, Shelby-Kings Mountain, Waynesville.

Ohio: Akron, Athens-Logan-Nelsonville, Cambridge, Canton, Cleveland, Dayton, Defiance, East Liverpool-Salem, Hamilton-Middletown, Kenton, Lima, Lorain-Elyria, Mansfield, Marietta, Marion, New Philadelphia-Dover, Portsmouth-Chillicothe, St. Marys, Springfield, Toledo, Youngstown.

Oklahoma: McAlester, Okmulgee-Henryetta.

Oregon: Albany, Coos Bay, Eugene, Portland, Roseburg.

Pennsylvania: Allentown-Bethlehem, Altoona, Berwick-Bloomsburg, Butler, Clearfield-DuBois, Erie, Johnstown, Lewistown, Lock Haven, New Castle, Philadelphia, Pittsburgh, Pottsville, Reading, Scranton, Sunbury-Shamokin-Mount Carmel, Uniontown-

Connellsville, Wilkes-Barre-Hazleton, York.
Rhode Island: Newport, Providence.
Tennessee: Bristol-Johnson City-Kingsport, Chattanooga, Knoxville, LaFollette-Jellico-Tazewell, Memphis.
Texas: Beaumont-Port Arthur, Corpus Christi, Fort Worth, Houston, Laredo, Texarkana.

Utah: Provo.
Vermont: Burlington, Springfield.
Virginia: Big Stone Gap-Appalachia, Radford-Pulaski, Roanoke.
Washington: Aberdeen, Anacortes, Bellingham, Bremerton, Everett, Olympia, Port Angeles, Spokane, Tacoma.
West Virginia: Beckley, Bluefield, Charleston, Clarksburg, Fairmont, Huntington-Ashland, Logan, Martinsburg, Morgantown, Parkersburg, Point Pleasant-Gallipolis, Roncove-White Sulphur Springs, Welch, Wheeling-Stubenville.

Wisconsin: Beaver Dam, Beloit, Kenosha, La Crosse, Lake Geneva-Whitewater, Racine.
NUMBER OF DISTRESSED AREAS DOUBLE THAT OF JANUARY; TRIPLE NUMBER A YEAR AGO

Mr. MALONE. Mr. President, this totals up to 34 States of the 49 if we include Alaska, and there is now a total of 243 distressed areas.

In March there were 187 distressed areas.

In January there were 114 distressed areas, distributed among 26 States.

In March a year ago there were 78 distressed areas.

In March 1953, 5 years ago, there were 37 distressed areas.

The free-imports policy has brought a progressive paralysis to our economy, as it has done each time in our history when we embarked on a destructive low tariff policy.

When the January list of distressed areas was issued, Mr. President, I wrote to the Secretary of Labor and asked him to state the 3 principal industries in each area in their proper order as pertained to employment, if there were 3 such industries in the area.

He did so.

LABOR SECRETARY CITES HIT INDUSTRIES IN JANUARY DISTRESS AREA LISTING

Mr. President, I ask unanimous consent to have this list of distressed areas as of January of this year, and the principal industries of each, printed in the RECORD

There being no objection, the list, entitled "Distressed Areas, January 1958" was ordered printed in the RECORD, as follows:

DISTRESSED AREAS—JANUARY 1958

ALABAMA

Jasper, mining, textiles.
Talladega, textiles, paper.

CONNECTICUT

Bridgeport, aircraft, machinery, electrical equipment.
Danielson, textiles, lumber, furniture.
Waterbury, fabricated metals, primary metals (brass), instruments.

ILLINOIS

Canton, machinery (excluding electrical), bituminous coal mining.
Harrisburg, mining (bituminous coal), nonmetallic minerals, petrol, and gas.
Herrin-Murphysboro-West Frankfort, bituminous coal mining, machinery (electrical and nonelectrical), apparel.
La Salle, instruments, stone-clay-glass, primary metals.
Litchfield, bituminous coal mining, transportation equipment.

Mount Carmel-Olney, mining (oil), petroleum refining.
Mount Vernon, bituminous coal mining, transportation equipment.
Springfield, machinery (excluding electrical), electrical machinery, food processing.

INDIANA

Evansville, refrigerators, motor vehicles, food processing.
Michigan City-La Porte, lumber and wood (including furniture and fixtures), fabricated metals, stone-clay-glass.
Muncie, motor vehicles, stone-clay-glass, primary metals.
Richmond, machinery (excluding electrical), primary metals, fabricated metals.
South Bend, motor vehicles, aircraft, nonelectrical machinery.
Terre Haute, food processing, chemicals, bituminous coal mining.
Vincennes, bituminous coal mining, fabricated metals, electrical machinery.

KANSAS

Coffeetown-Independence-Parsons: aircraft, machinery (including electrical), food processing.
Pittsburg, chemicals, mining (lead and zinc), machinery (excluding electrical).

KENTUCKY

Corbin, bituminous coal mining, lumber, wood.
Frankfort, food processing (distilleries), textiles-apparel.
Hazard, bituminous coal mining.
Louisville, nonelectrical machinery, food processing, tobacco.
Madisonville, bituminous coal mining.
Middlesboro-Harlan, bituminous coal mining, lumber and wood products.
Morehead-Grayson, stone-clay-glass.
Owensboro, metals and machinery, food processing, bituminous coal mining.
Paintsville-Prestonburg, bituminous coal mining.
Pikeville-Williamson, bituminous coal mining.

MAINE

Biddeford-Sanford, textiles, machinery (textile), leather.

MARYLAND

Cumberland, textiles, paper, rubber.

MASSACHUSETTS

Fall Rivers, apparel, textiles.
Lawrence, electrical machinery, leather, textiles.
Lowell, textiles, electrical machinery, leather.
Marlboro, leather, electrical products.
Milford, textile machinery.
New Bedford, apparel, textiles, electrical machinery.
North Adams, electrical machinery, textiles.
Pittsfield, electrical machinery, paper, ordnance.
Southbridge-Webster, instruments, textiles, leather.

MICHIGAN

Battle Creek, food processing, machinery (excluding electrical), motor vehicles.
Bay City, motor vehicles, food processing, machinery (excluding electrical).
Benton Harbor machinery (excluding electrical), primary metals, transportation equipment.
Detroit, motor vehicles.
Grand Rapids, fabricated metals, machinery (except electrical), furniture.
Jackson, motor vehicles, machinery (excluding electrical), primary metals, transportation equipment.
Marquette, lumber, textiles, chemicals.
Monroe, paper, fabricated metals, transportation equipment.
Muskegon, machinery (excluding electrical), motor vehicles, primary metals.
Port Huron, primary metals, motor vehicles.

MISSOURI

Kansas City, food processing, paper (including printing and publishing), motor vehicles.
St. Louis, food processing, aircraft, primary metals.

NEW JERSEY

Atlantic City, apparel.
Bridgeton, stone-clay-glass, food processing, apparel.
Long Branch, electrical machinery, machinery (excluding electrical).
Newark, electrical machinery, machinery (excluding electrical), chemicals.
Paterson, apparel, textiles, electrical machinery.
Trenton, fabricated metals, primary metals, rubber.

NEW YORK

Utica-Rome, machinery (excluding electrical), electrical machinery, primary metals.

NORTH CAROLINA

Asheville, textiles, chemicals.
Durham, tobacco, textiles.
Fayetteville, textiles, lumber and wood, food processing.
Kinston, chemicals.
Mount Airy, textiles, furniture.
Rocky Mount, textiles, tobacco, lumber and wood.
Rutherfordton-Forest City, textiles.
Shelby-Kings Mountain, textiles.
Waynesville, paper, rubber.

OHIO

Canton, primary metals, machinery (excluding electrical).
Lorain-Elyria, primary metals, motor vehicles, fabricated metals.
Portsmouth-Chillicothe, primary metals, leather, paper.
New Philadelphia-Dover, stone-clay-glass, mining, fabricated metals.
Springfield, transportation equipment, machinery (excluding electrical), fabricated metals.
Youngstown, primary metals, electrical machinery, fabricated metals.

OREGON

Portland, food processing, lumber and wood, paper.

OKLAHOMA

McAlester, ordnance, apparel, mining.

PENNSYLVANIA

Altoona, railway equipment, paper, leather.
Berwick-Bloomsbury, textiles, transportation equipment, apparel.
Clearfield-DuBois, stone, clay, glass, bituminous coal mining, electrical machinery.
Erie, railroad equipment, electrical machinery, primary metals.
Lewistown, primary metals, chemicals, apparel.
Loch Haven, paper, transportation equipment, electrical machinery.
Johnstown, primary metals, electrical machinery, fabricated metals.
Philadelphia, apparel, paper (including printing and publishing), excluding machinery.
Pittsburgh, primary metals, electrical machinery, fabricated metals.
Pottsville, apparel, anthracite coal mining, textiles.
Scranton, apparel, anthracite coal mining, textiles.
Sunbury-Shamokin-Mt. Carmel, apparel, bituminous coal mining, lumber, and furniture.
Uniontown-Connellsville, bituminous coal mining, stone, clay, glass, apparel.
Wilkes-Barre-Hazleton, apparel, anthracite coal mining, textiles.

RHODE ISLAND

Newport, electrical machinery, food processing.
Providence, jewelry, textiles, machinery (excluding electrical).

TENNESSEE

Knoxville, chemicals, primary metals, aluminum) textiles.

LaFollette-Jellico-Tazewell, apparel, mining, lumber.

TEXAS

Texarkana, lumber and wood, ordnance, food processing.

VERMONT

Burlington, aircraft, food processing.
Springfield, machinery (excluding electrical).

VIRGINIA

Big Stone Gap-Appalachia, bituminous coal mining.

Radford-Pulaski, chemicals, apparel, textiles.

WASHINGTON

Spokane, primary metals (aluminum), food processing, lumber and wood.

WEST VIRGINIA

Beckley, bituminous coal mining.
Charleston, chemicals, bituminous coal mining, stone, clay, glass.

Fairmont, bituminous coal mining, stone, clay, glass, electrical equipment.

Huntington-Ashland, primary metals, stone, clay, glass, chemicals.

Logan, bituminous coal mining.

Point Pleasant-Gallipolis, chemicals, primary metals, bituminous coal mining.

Ronceverte-White Sulphur Springs, bituminous coal mining.

Welch, bituminous coal mining.

Wheeling-Steubenville, primary metals, stone, clay, glass, fabricated metals.

WISCONSIN

Kenosha, motor vehicles, furniture and fixtures, primary metals.

Racine, machinery (excluding electrical), electrical machinery, fabricated metals.

MAJOR INDUSTRIES IN DISTRESSED AREAS COLLAPSING UNDER IMPORT DELUGE

Mr. MALONE. Mr. President, in 33 of these 114 areas, a major industry is mining. Mining, both for coal and metals, has been wrecked by imports. Foreign residual oil competes against coal. Foreign metals compete against American metals. Foreign working men receiving foreign subsistence wages compete against American working men receiving American standard wages.

In 28 of the 114 distressed areas, a dominant industry is textiles.

Mr. President, all that the tariff in the United States was ever intended to do was to equal the difference between the wages, the taxes, and the cost of doing business in this Nation and in the chief competing nation on each product.

As I have already explained, the tariff goes down as a nation raises its living standards; and whenever it is living about as we are on that product, there is free trade. That is the best free trade law ever passed by Congress.

If any industry that can operate in this country with such a tariff or such a duty, as it is called in article I, section 8 of the Constitution, merely making up the difference in wages and taxes and the cost of doing business here and abroad, that is not a subsidy; that is simply our way of raising our standard of living above the nations of the world. We did that for 150 years.

UNITED STATES TARIFF NEVER A BARRIER DUE TO HIGHER WAGE RATES; LIVING STANDARDS

Mr. President, it is our market which the nations of the world are dividing. It is the greatest market in the world. It is a greater market than that in all

of Europe, which has twice as many people but only one-half the area. But we are the only Nation in which Congress, when it regulated our commerce, merely used the tariff to make up the difference in wages and the cost of doing business. The foreign nations do not need a tariff for that purpose, because they are all paying lower wages than are paid in the United States, and their cost of doing business is lower than ours. They use the tariff to keep our products out of their countries. We do not do that. All our tariff has ever been has been an equalization of costs. It is not a barrier.

The Eastern Seaboard States and principally their great port cities, have sold our just and equitable tariff system to the American people as a tariff barrier. They have done that in three administrations, I am sorry to say, beginning with that of President Franklin Roosevelt, then that of President Truman, and now the administration of President Eisenhower.

LOWERING WAGES, LIVING STANDARDS ONLY FREE TRADE OBJECTIVES

There can be no objective if we want to lower the tariff or duty below the difference in wages and the cost of doing business here and in the chief competing nation on any product. If we want to lower the tariff below that difference, there can be no objective, except a division of the markets or a lowering of wages and a lowering of the standard of living. Because the only way for a person to stay in business is to lower wages and costs, in order to meet foreign competition. It is either of two things: Either it is a deliberate division, or it is a deliberate effort or objective to lower our standard of living and wages. We can take our choice.

TEXTILES FROM EVERY LOW-WAGE NATION IN WORLD COMPETING AGAINST AMERICAN TEXTILE WORKERS

European textiles, Japanese textiles, textiles from India, and textiles from many other parts of the world, where labor works for a few cents a day—I repeat: a few cents a day—compete against American textiles, American workers, and American wages.

Mr. President, all the professors say we can compete with any nation because of our knowhow and our machinery. What kind of machinery is installed in those textile plants? It is American capital which goes into Japan or Scotland or England, together with the latest machinery in the whole world. An engineer who built a plant without the latest American machinery would be fired.

Then a small percentage—3 or 5 or 7 percent—of well-trained American workingmen are taken into those plants, and the Americans train the native labor.

Mr. President, can you visualize a well-trained Scotsman, Englishman, or Japanese, having our knowhow and our machinery, working for a few cents a day—in England and Scotland, about 40 cents an hour; in Japan, about 20 cents an hour or less? Can you visualize how far the American workingman, earning \$1.80 or \$2 an hour, will get?

FOREIGN WORKERS DRAW BARE SUBSISTENCE PAY; NO FRINGE BENEFITS

Mr. President, in most of those countries there is no social security or industrial insurance. The industrial insurance, social security, and other such benefits which are paid in this country more than equal the wages paid in the foreign nations.

This is a deliberate attempt to wreck the American economy. It did not start yesterday. It started with the Harry Dexter White crowd; with the Alger Hiss crowd; and with their predecessors, such as Coe and others in the Treasury or State Department. Yet we, with our eyes wide open, are following their policy.

We are following the Karl Marx policy: "From him according to his ability; to him according to his needs." I will correct the quotation, if necessary, but that is what it meant. We are taking from our Nation according to our ability, and are giving to the other nations according to their need. We are giving to them our trade, our American markets. We have already priced ourselves out of their markets.

MACHINERY, METAL IMPORTS MULTIPLY DISTRESSED AREAS

In 25 distressed areas 1 of the key industries is the manufacture of nonelectrical machinery, and in 24 distressed areas it is the manufacture of electrical machinery, which we are now receiving in great quantity from Britain and other countries financed by foreign aid and subsidized indirectly by the State Department's free import policy.

A major industry in 25 distressed areas is that of primary metals, and in 16 distressed areas that of fabricating metals.

Foreign metal producers and foreign metal fabricators are competing against these industries for the home market.

Eighteen distressed areas depend in measure for their employment and prosperity on the manufacture of apparel.

The sweat shops of Asia and Europe are competing against these workers, thousands of whom are jobless.

Twelve distressed areas rely on the pottery and glass manufacturing industries for much of their payrolls. Employment in these industries and areas has been progressively cut down in recent years by the flood of imports from low-wage nations—including Soviet satellites—which have been swamping the American markets.

INEFFICIENT INDUSTRY THEORY PROPAGATED BY HENRY WALLACE IN 1934

Mr. Henry Wallace, a former Secretary of Agriculture and a former Secretary of Commerce, in the days of the early 1930's, and his followers and disciples, were they active today, would say that these industries were inefficient because they have permitted themselves to become distressed by the inflow of cheap imports. I do not agree.

Mr. President, Mr. Wallace was one of the most aggressive proponents of free trade back in 1934. We wrote several books on free trade and in one of them he said:

As the tariffs are gradually reduced, may it not be wise to work out a plan for liqui-

dating definitely, yet slowly, these inefficient industries.

Mr. President, many persons say, "If American producers cannot compete with foreign producers, the American producers should go out of business, because they are inefficient."

Mr. President, our workmen are living in houses with carpets on the floors and curtains at the windows, and many of their houses have electric stoves and telephones—or, at least, many of our workmen have been living in such houses. But the homes of the Japanese working people I saw were far different from that. So we are talking about differences in the standard of living.

CONGRESS BASICALLY RESPONSIBLE FOR DISTRESSED AREAS BY PREVIOUS TRADE ACT EXTENSIONS

Under the 1930 Tariff Act, the tariff represented the difference between the standard of living and the cost of doing business in the United States and in the chief competitive country, in the case of each product. But under the 1934 Trade Agreements Act, the tariff could be—and in many cases it has been—lowered, with the result that the American working man and investors have been destroyed. If anyone has been inefficient, I think it has been the membership of Congress, who up to now have permitted the Trade Agreements Act, the act that is responsible for this distress, to continue in effect.

In 12 of the distressed areas on the January list, lumber is a major industry. The free import policy of the State Department has been, and is, inducing foreign countries to invade our lumber market. Japan has no lumber, but she imports lumber from Canada, the East Indies, Russia, and other areas, converts it into plywood, and ships the plywood to the United States. The labor costs in Japan are so low that she can well afford to ship twice across the ocean before undercutting our markets, industries, producers, and communities.

FOREIGN COMPETITION AGAINST UNITED STATES PRODUCTS FINANCED BY FOREIGN AID

Mr. President, in passing, I may say that quite a sizable iron-ore industry has been developed in the western part of the United States. The iron ore produced there has been shipped largely to Japan. Last year, I believe, India and Japan proposed that the United States give India \$50 million or more with which to open up her iron mines and finance the transportation of the iron ore to Japan. Of course, if that were done, it would leave the Western States iron-ore producers high and dry—although, according to our State Department, that would be only a detail.

Mr. President, I have no objection to having another country beat out the United States in any market; but I do object to the use of the taxes paid by the American people, including the taxes paid by the companies which produce iron ore in the Western States, to finance another nation to such an extent that it can commence iron-ore production which will take away that market from our American citizens. To that, I do object. But, of course, that is part of

the plan; that is the purpose of the policy.

MIDEAST CRISIS TO TEST WHAT NATIONS ARE OUR TRUE FRIENDS

We are told that we must support these nations, in order to keep our friends. But some day in the not far distant future I believe the United States will have some reason to find out just who its friends are. We did not seem to be overwhelmed with friends during the Korean war, when no other countries helped us very much. Now we shall see what happens in the case of the Middle East disturbances. If we have a war, the countries of Europe will be neutral; we can count on that much. They have to be neutral, or else they will be destroyed.

UNITED STATES CHEMICAL INDUSTRY VITAL TO DEFENSE THREATENED BY IMPORTS

So what are we doing? All I know is that we are causing ourselves a great deal of trouble.

The manufacture of chemicals is a dominant industry in 12 distressed areas included in the January 1958 list. Before World War I, this Nation manufactured few chemicals. For many chemicals we depended on Germany, and our lack of chemical manufactures created grave concern to our Government during that conflict.

In self-defense, a tremendous effort was made to build up going-concern chemical industries in the United States. Now foreign chemicals are again pouring into the United States, and the industry so carefully built up between the two world wars is progressively being cut down by the State Department's free-import policy.

SOME CHEMICAL INDUSTRIES FORCED BY COMPETITION TO MOVE BEHIND LOW-WAGE CURTAIN

Mr. President, the heads of many of the chemical producing companies in the United States, which includes some of the strongest companies our Nation has, have told me that they do not wish to invest in plants in Germany, Scotland, or other foreign countries, where low wages are paid. But last year and the year before they said it would be necessary for them to do so, if they were to remain in business, if there were a continuation of the policies under the 1934 Trade Agreements Act, as administered in Geneva. Several of our companies have already invested in plants in foreign nations, such as Germany. So we may be sure that these companies will survive. But it is equally certain that we are driving them out of business in the United States.

Here, again, the foreign nations understand the shading of tariffs and the use of import permits and exchange permits and the manipulation of their currencies in terms of the dollar, for trade advantage. One would think that our State Department did not understand those things at all. Mr. President, if I thought the State Department did understand exactly the effect of what it is doing and the effect its policies are having on the workmen and investors of the United States, I would, right here on the floor of the Senate, say that those

in the State Department who are responsible for that situation are traitors.

FOREIGN AUTOS ROLL IN WHILE AMERICAN AUTO WORKERS IDLE

The Labor Department listed motor vehicles as a major industry in 12 of the cities included in the January 1958 list of areas in distress.

Some of our major automobile manufacturers are importing foreign cars, for sale on the American market, while they are laying off workers in their own automobile factories in the United States—while in the meantime Walter Reuther extols the blessings of free trade. That is his privilege; but the Ford Motor Co. and the other large automobile manufacturing companies in the United States control most of the foreign plants which produce the automobiles which are being imported into our country. I am sure the Department of Labor is very unhappy about the unemployment which now exists in the automobile industry in the United States. The Department of Labor, I am sure, is very unhappy about this unemployment, despite all its claims that the Trade Agreements Act is a boon to 4½ million jobs—a statement which I have already demonstrated is a monstrous error. In fact, Mr. President, that is a very mild term to use in that connection. I could use a much stronger term than that, and it would still be correctly applied.

STATE DEPARTMENT PROMOTES FOREIGN PROSPERITY AT EXPENSE OF UNITED STATES ECONOMY

The rank and file of officials and employees in the Department of Labor, I am sure, would very much prefer that employment of American citizens in American industries be encouraged, so that prosperity in this country might be restored. That is what the Labor Department was set up for.

The State Department, on the other hand, is interested in increasing prosperity abroad, and it seems to hold a whip over some of the other departments.

TRADING AWAY NATION'S PROSPERITY TO FURTHER FOREIGN POLICY UNCONSTITUTIONAL

Mr. President, the State Department was set up to handle our foreign policy and to work with the President, to whom was given the responsibility of regulating the foreign policy, under article II, section 2, of the Constitution. But nowhere in the Constitution can we find any indication that part or all of any American industry is supposed to be traded away in order to further the foreign policy of our country. In fact, such a thing is prohibited, under the Constitution, and could not be done until the Congress transferred to the Executive—a transfer which patently was unconstitutional—the constitutional responsibility of Congress to regulate foreign trade and the national economy, through the adjustment of the duties which we call tariffs.

It would be just as constitutional—or, rather, just as unconstitutional—if today the Congress were to pass an act—which it could do—to transfer to the legislative branch the responsibility for the fixing of the foreign policy under article II, section 2. The President probably would

veto such a bill, if Congress passed it. But, by means of a two-thirds vote, Congress could pass the bill over the President's veto; and, in that event, the bill would become law, although, of course, it would be an unconstitutional law—in fact, just as unconstitutional as the law passed in 1934, by means of which Congress transferred to the Executive one of its constitutional responsibilities.

DISTRESSED AREAS ADDED TO LIST BETWEEN JANUARY AND MARCH

Between January and March this year, Mr. President, 73 more distressed areas were added to the January list I gave above.

I did not repeat my request to the Secretary of Labor when the March list came out to list the three principal industries in each area from the standpoint of employment because I did not wish to unduly burden his Department at a time when it should be devoting its energies to attempting to relieve the existing unemployment.

However, the March 1958, Labor Market Trends gives an indication of where the trouble lies in areas added to the list in that month.

First it lists major areas which slipped into the distressed bracket between January and March, with the industries primarily responsible for employment declines; then smaller areas classified in March, and industries primarily responsible for employment declines, and last, smaller areas classified in February, with industries primarily responsible for employment declines.

I list the areas classified in February first, Mr. President, for the reason that they became distressed earlier than those first classified in March.

ADDITIONAL DISTRESSED AREAS AND INDUSTRIES AFFECTED LISTED

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the list of such labor market areas and industries primarily responsible for employment decline.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

LABOR MARKET AREA AND INDUSTRIES PRIMARILY RESPONSIBLE FOR EMPLOYMENT DECLINE

ALABAMA

Florence-Sheffield: Chemicals.
Gadsden: Primary metals.

CONNECTICUT

Ansonia: Machinery, rubber products.
Torrington: Primary metals (brass).

MASSACHUSETTS

Greenfield: Nonelectrical machinery (machine-tool accessories), fabricated metals (hand tools).

Newburyport: Leather, textiles, electrical machinery, transportation equipment.

Taunton: Electrical machinery, fabricated metals, plastic products; out-of-area layoffs of local residents.

MICHIGAN

Escanaba: Lumber and wood products (plywood); nonelectrical machinery.

Iron Mountain: Iron-ore mining, nonelectrical machinery, lumber, furniture.

MISSISSIPPI

Greenville: Agriculture, farm-related trade, textiles.

MISSOURI

Joplin: Mining, chemicals cutbacks, out-of-area layoffs.

OHIO

Defiance: Ordnance, auto foundry, and appliance cutbacks.

WEST VIRGINIA

Bluefield: Bituminous coal mining, transportation (railways).

Parkersburg: Fabricated metals, nonelectrical machinery, chemicals.

WISCONSIN

Beaver Dam: Lumber, metals, electrical machinery, leather.

Beloit: Nonelectrical machinery, other durable goods.

La Crosse: Fabricated metals, automotive parts, instruments, rubber footwear.

Mr. MALONE. Now, Mr. President, we turn to the March classifications of distressed smaller areas:

LABOR MARKET AREA AND INDUSTRIES PRIMARILY RESPONSIBLE FOR EMPLOYMENT DECLINES

ALASKA

Anchorage: Government, construction.

CALIFORNIA

Eureka: Lumber and construction cutbacks.

Ukiah: Lumber.

CONNECTICUT

Bristol: Nonelectrical machinery, instruments-watches-clocks.

Danbury: Textiles (hats), nonelectrical machinery.

Meriden: Nonelectrical machinery, transportation equipment, silverware.

Middletown: Fabricated metals, transportation equipment.

Norwich: Textiles, fabricated metals.

Thompsonville: Textiles (carpets, rugs).

Willimantic: Electrical equipment.

MAINE

Lewiston: Textiles, shoes.

MASSACHUSETTS

Fitchburg: Fabricated metals, nonelectrical machinery, textiles.

Ware: Textiles, paper products.

MICHIGAN

Adrian: Cutbacks in auto related fabricated metals, other durable goods.

Ionia-Belding-Greenville: Autos, nonelectrical machinery.

MISSOURI

Flat River-De Soto-Festus: Lead mining, glass, railroad shops.

NEW JERSEY

Dover: Ordnance, primary metals, nonelectrical machinery, apparel.

NEW YORK

Amsterdam: Textiles (chiefly carpet industry), layoffs of local residents by plants in nearby areas.

Batavia: Machinery, primary metals, out-of-area layoffs of local residents.

NORTH CAROLINA

Hamlet: Textiles.

OHIO

Cambridge: Electrical machinery, fabricated metals.

OREGON

Albany: Forest products and construction.

Coos Bay: Forest products and construction.

Eugene: Forest products and construction.

PENNSYLVANIA

Butler: Steel, cement, railroad equipment, limestone products.

TEXAS

Laredo: Primary metals (antimony), trade, Government (Federal).

WASHINGTON

Aberdeen: Logging, lumbering, wood products.

Anacortes: Logging, lumbering, food processing, metal fabrication.

Bellingham: Logging, lumbering, wood products.

Everett: Lumber and wood products, paper and pulp, nonelectrical machinery.

Olympia: Pulp and paper products, logging and lumbering, construction.

Port Angeles: Logging and wood products, pulp and paper, construction.

HOW LABOR DEPARTMENT CLASSIFIES MAJOR DISTRESSED LABOR-MARKET AREAS

Mr. President, this leaves us the major labor-market areas, according to the Department of Labor, which slipped from January to March into which it calls its "D" classification.

Major areas are classified A, B, C, D, E, and F. In group A there is supposed to be a shortage, not a surplus of labor. There are no cities in the A group, and there were no cities in the A group in January, either. In group B are listed cities "where job opportunities for local workers are slightly in excess of job openings." There are no cities in the B group. In group C, job seekers are slightly in excess of job openings. There were 91 areas in group C in January, 79 in March, and 63 in May.

D areas are those in which from 6 to 8.9 percent are unemployed; E those in which 9 to 11.9 percent are unemployed; and F those in which 12 percent or more are unemployed. The D, E, and F areas are those commonly designated as distressed areas.

In March the cities which dropped from C to D follow, with the industries primarily responsible for employment declines listed:

LABOR MARKET AREA AND INDUSTRIES PRIMARILY RESPONSIBLE FOR EMPLOYMENT DECLINES

CONNECTICUT

New Britain: Nonelectrical machinery, electrical equipment, fabricated metals.

ILLINOIS

Joliet: Machinery, ordnance, chemicals (explosives), electrical equipment.

Peoria: Sharp cutback in dominant nonelectrical machinery (agricultural machinery and tractors).

INDIANA

Fort Wayne: Losses in electrical machinery, motor vehicles, primary metals.

Indianapolis: Autos, aircraft, machinery, metals.

MAINE

Declines in most manufacturing industries, including fabricated metals, textiles, leather, paper, lumber, food processing.

MARYLAND

Baltimore: Virtually all industries down. Losses since year ago heaviest in durable goods.

MASSACHUSETTS

Brockton: Scattered factory losses, led by textiles, apparel; out-of-area layoffs of local residents also boosts unemployment.

Springfield-Holyoke: Both durables and nondurables down. Losses heaviest in electrical machinery, ordnance, textiles, transportation equipment, rubber.

Worcester: Primary metals, nonelectrical machinery.

MICHIGAN

Lansing: Autos.

Saginaw: Autos, auto foundries, nonelectrical machinery.

MINNESOTA

Duluth-Superior: Transportation (ore shipping), primary metals, electrical equipment.

Minneapolis-St. Paul: Machinery, instruments, lead general factory decline.

NEW JERSEY

Perth Amboy: Motor vehicles, apparel, chemicals.

NEW YORK

Syracuse: Nonelectrical, electrical machinery; primary, fabricated metals.

OHIO

Toledo: Sharp cutbacks in metals, machinery, autos, transportation.

PENNSYLVANIA

Reading: Primary metals, textiles.

York: Machinery, textiles, furniture.

TENNESSEE

Chattanooga: Primary metals (plant closed), textiles, chemicals.

TEXAS

Beaumont-Port Arthur: Shipbuilding, offshore oil activities, chemicals.

Corpus Christi: Construction, government (Federal).

Fort Worth: Aircraft, food processing, nonelectrical machinery, apparel.

MICHIGAN

Flint: Autos, auto components. (Reclassified from group C to group E.)

NEW YORK

Buffalo: Chiefly durable goods, primary metals (steel), aircraft, autos. (Reclassified from group C to group E.)

Now, Mr. President, we come to the May 1958 report, and we will first list the smaller areas classified labor surplus in April:

ALABAMA

Anniston: Textiles, electrical equipment, primary metals.

GEORGIA

Toccoa: Nonelectrical (construction) machinery.

INDIANA

Connersville: Furniture and fixtures, fabricated metals.

IOWA

Ottumwa: Food processing (meat packing).

MICHIGAN

Ann Arbor-Ypsilanti: Auto-related electrical equipment, auto parts.

Owosso: Electrical equipment, auto-related textiles (upholstery).

MONTANA

Butte: Copper mining.

Kalispell: Logging, lumbering.

NEW YORK

Auburn: Electrical machinery, shoes, plastics.

Elmira: Nonelectrical machinery, electrical equipment.

Gloversville: Gloves (knitted, fabric, and leather).

Jamestown-Dunkirk: Primary metals, furniture, machinery.

Watertown: Nonelectrical machinery, paper.

OHIO

Athens-Logan-Nelsonville: Declines in mining; scattered factory reduction—stone, clay-glass, printing-publishing. Shoe plants on reduced workweek.

East Liverpool-Salem: Clay products, nonelectrical machinery, fabricated metals, furniture.

Mansfield: Most durables (household appliances, electrical equipment; primary metals, autos) down; cutbacks on local military installation.

OREGON

Roseburg: Lumber and wood products.

TENNESSEE

Bristol-Johnson City-Kingsport: Chemicals, furniture, textiles, return of workers laid off in out-of-area auto cutbacks.

UTAH

Provo: Cutbacks in dominant iron and steel industry.

SMALL AREAS AND CRIPPLED INDUSTRIES LISTED

Smaller areas of substantial labor surplus classified in May and the industries primarily responsible for employment declines are:

LABOR MARKET AREA AND INDUSTRIES PRIMARILY RESPONSIBLE FOR EMPLOYMENT DECLINES

ILLINOIS

Centralia: Railroads, shoes, nonferrous metals.

Decatur: Nonelectrical (farm) machinery, primary metals.

Woodstock: Electrical machinery, primary metals.

INDIANA

Anderson: Heaviest losses in auto-related electrical machinery, fabricated metals, aircraft also down.

New Castle: Autos and auto components; auto cutbacks in adjacent areas contribute to unemployment rise.

MASSACHUSETTS

Haverhill: Cutbacks centered in dominant shoe industry, electrical machinery.

MONTANA

Great Falls: Copper smelting.

NEW YORK

Oneonta: Long-term decline in railroad shops; small scattered manufacturing losses.

NORTH CAROLINA

Morganton: Furniture, apparel, electrical machinery.

OHIO

Kenton: Electrical, nonelectrical machinery, stone-clay-glass.

Lima: Durable goods cutbacks (machinery, metals, autos); Government (Federal), railroads also down.

Marietta: Chemicals, primary metals, furniture.

Marion: Nearly all factory industries down over last year; nonelectrical, electrical machinery, primary metals show largest losses.

St. Marys: Rubber nonelectrical machinery.

OKLAHOMA

Okmulgee-Henryetta: Glass, lead, and zinc smelting, mining (coal and oil-gas drilling).

PENNSYLVANIA

New Castle: Heavy cutbacks in primary metals, smaller losses in machinery, pottery.

WASHINGTON

Bremerton: Layoffs at naval shipyard, other Federal installations.

WEST VIRGINIA

Clarksburg: Glass products, coal mining, electrical equipment.

Martinsburg: Stone-clay-glass products, textiles.

Morgantown: Coal mining, chemicals.

WISCONSIN

Lake Geneva-Whitewater: Auto components, primary metals.

Mr. President, this leaves us the major labor market areas, as the Department of Labor terms them, who have slipped into the "D" or distressed areas class since March. They are:

LABOR MARKET AREA AND INDUSTRIES PRIMARILY RESPONSIBLE FOR EMPLOYMENT DECLINES

ALABAMA

Mobile: Shipbuilding, construction.

CONNECTICUT

New Haven: Aircraft, ordnance, metals.

GEORGIA

Columbus: Long-term downtrend in textiles, decline in construction (completion of military housing project).

ILLINOIS

Chicago: Virtually all industries down since year ago; heaviest losses in durable goods manufacturing (metals, machinery, aircraft).

NEW YORK

Albany-Schenectady-Troy: Electrical machinery, ordnance, primary metals.

New York: Nearly all factory industries down since year ago; dominant apparel industry, aircraft experienced largest reduction.

NORTH CAROLINA

Greensboro-High Point: Losses in textiles, electrical machinery, furniture.

OHIO

Akron: Tires, fabricated metals, aircraft.

Cleveland: Durable goods layoffs (primary and fabricated metals, machinery, autos, aircraft).

Dayton: Auto parts and components, rubber products, household appliances, office machinery.

Hamilton-Middleton: Primary and fabricated metals, nonelectrical machinery.

PENNSYLVANIA

Allentown-Bethlehem: Steel leads decline since last year. Electrical machinery, stone-clay-glass, transportation equipment, textiles-apparel also down.

TENNESSEE

Memphis: Tires, transportation equipment (autos and trailers), farm machinery.

TEXAS

Houston: Oilfield machinery, primary metals (pipeline items), construction, petroleum extraction.

VIRGINIA

Roanoke: Layoffs in transportation, railroad shops, chemicals (rayon), electrical equipment.

WASHINGTON

Tacoma: Lumber and wood products, primary metals (aluminum, copper), government installations.

IMPORTS SINCE GATT CREATED MORE THAN DOUBLE

Mr. President, since 1947, when the United States first became a "contracting party" to GATT, the General Agreement on Tariffs and Trade, in which 36 foreign nations participate, each, like the United States, having 1 vote, our imports have risen from \$5,666,321,000 to \$12,920,984,594.

I ask unanimous consent, Mr. President, to have printed in the RECORD a table showing the value of imports each year since the United States entered GATT and commenced participating in multilateral agreements in which the 36 foreign "contracting parties" proceed to divide up American markets like a juicy steak. For purposes of indicating those imports, which are considered noncompetitive and enter duty free, and those which are competitive and dutiable, thus adversely affecting indus-

try, investments, and employment, I shall list the total imports, the value of imports that enter duty free, the value of imports on which duties, most of them merely token duties under the Trade

Agreements Act, and the percentage of imports which enter duty free.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Duties entered for consumption and duties thereon

Year	Total value	Duty free	Dutiable	Percent free	Duties	Percent total imports	Percent dutiable imports
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>		<i>Thousands</i>		
1946.....	\$4,824,902	\$2,934,955	\$1,899,946	60.83	\$477,854	9.90	25.28
1947.....	5,666,321	3,454,647	2,211,674	60.97	427,679	7.55	19.34
1948.....	7,092,032	4,174,523	2,917,509	58.86	404,778	5.71	13.87
1949.....	6,591,640	3,883,186	2,708,454	58.91	364,618	5.53	13.46
1950.....	8,743,082	4,766,778	3,976,304	54.52	522,337	5.97	13.14
1951.....	10,817,341	5,993,442	4,823,900	55.41	591,261	5.47	12.26
1952.....	10,747,497	6,256,950	4,490,546	58.22	570,062	5.30	12.69
1953.....	10,778,905	5,919,501	4,859,403	54.9	584,350	5.42	12.02
1954.....	10,239,517	5,667,904	4,571,613	55.3	529,109	5.17	11.57
1955.....	11,336,787	6,036,634	5,300,153	53.2	633,313	5.59	11.95
1956.....	12,490,240	6,219,836	6,270,404	49.8	709,690	5.68	11.32
1957.....	12,920,984	6,458,604	6,462,380	49.9	761,284	5.97	11.78

HALF OF IMPORTS NONCOMPETITIVE ENTER
UNITED STATES DUTY FREE

Mr. MALONE. Mr. President, I want to say again that more than 50 percent, on dollar value of all imports come into this country duty-free. They come in duty free either because the products were not produced commercially in this country, or because they are not considered a risk, and that has been the principal ever since the protective tariff was established. So what we have been talking about is one-half, or a little more than one-half, of the industries producing commercially in this country, whose labor costs and cost of doing business are so much greater than they are in foreign nations that without a duty or tariff to even the cost there would be no chance for those industries to stay in business.

Let me say no one has ever suggested that a tariff be greater than the difference in the effective wages, taxes, and cost of doing business in this country and those in the chief competing nation on each product. If it were found necessary to produce a product in this country where such a duty would not allow the industry to survive, then there could be enacted a special act of Congress, if Congress decided that industry should be continued. But under the principle laid down for the Tariff Commission, as an agent of Congress, no such tariff should or could be imposed.

COMPETITIVE IMPORTS INCREASE DOUBLE RATE
OF DUTY-FREE GOODS SINCE GATT CREATED

Mr. President, there are some very significant facts brought out by this table. For example, it shows that total imports have increased from \$5,666,321,000 in 1947, the year GATT was created, to \$12,920,984,000 in 1957, an increase of 128 percent.

But the increase of duty-free imports, the imports which are noncompetitive, or relatively noncompetitive, with American products—which is why the 1930 Tariff Act and previous tariffs acts made them duty free—increased from \$3,454,647,000 in 1947 to \$6,458,604,000 in 1957, or only 87 percent.

In contrast, imports of dutiable foreign goods and products increased from \$2,211,674,000 in 1947 to \$6,462,380,000 in 1957, or 192 percent.

What the free trade Trade Agreements Act has done is to make duties on competitive foreign goods so negligible that they no longer represent any differential between American wages and costs of production and the wages and costs of production in the chief competing foreign nation.

TARIFF REDUCTIONS UNDER TRADE ACT REVIEWED

At this point I should like to point out that not only was there a 50 percent reduction allowed in the 1934 Trade Agreements Act, but there was an additional 50 percent reduction in a subsequent extension of the act, and then a 15 percent reduction over a period of 3 years—5 percent per year, by an act passed by Congress in 1955—and now with the 25 percent additional reduction which is proposed, there would be very little tariff left.

In addition to that, Mr. President, a fixed duty or a tariff is lowered in accordance with inflation. Ad valorem or percentage duties keep pace with inflation, of course; but when there is a fixed duty, the practical effect is that the duty is lowered in accordance with inflation.

In other words, Mr. President, it is said that the dollar last year was worth 48 cents. Let us say there has been a 50 percent inflation, and a 50 percent reduction in the value of the dollar. Perhaps the 1934 dollar is worth 33 cents or less. However, let us assume it is worth 50 cents. If one considers a 5-cent duty per pound on an article selling for 20 cents, it amounts to a 25 percent duty. But if there is 50 percent inflation and that article sells for 40 cents, the duty becomes only 12½ percent. So the duty is lowered just as effectively through inflation as if it had been part of the plan.

TRADE AGREEMENTS COVER THOUSANDS OF
PRODUCTS

Under the 1930 Tariff Act the duties and tariffs, upon proper notice of 60 days to the Secretary General for the nations which are parties to the multilateral trade agreements, as to all of the products covered by those agreements—there are about 4,000 or 5,000 of such products—would revert to the control of the Tariff Commission. In 180 days the duties and relationships for the bilateral trade agreements with other nations,

which have been made by the State Department, would revert to the control of the Tariff Commission.

What would be the process for consideration, Mr. President? It would be the statutory rates as of 1930, not the rates to which the tariffs have been reduced. The Tariff Commission would be instructed, as I have explained before, to determine the reasonable cost of an article produced in this Nation, compared to the reasonable cost of producing that article or a similar article in the chief competing country, and the Tariff Commission would then recommend the difference as the tariff. It would be an adjustment up or down to follow the economic relationship between this Nation and the chief competing nation, for each product.

That would all lead, Mr. President, to one objective. The objective we all have is free trade, but it should be free trade on our standard and not on the standard of living of Japan.

FOREIGN NATIONS GIVEN AMERICAN MARKET
WITHOUT COMPETITION

Mr. President, the Trade Agreements Act has destroyed competition. In other words, Mr. President, the Trade Agreements Act has destroyed competition of the foreign nations for the American market, handing them that market on a silver platter.

The tariff, as I have explained, would make the difference. The tariff would be an evener, so that the American workingman and investor would have equal access to his own market, and could compete for the American market with others.

If there is a shortage as to any product under such a tariff, the product would come in without question, in whatever amount was necessary. Then, under the American system, when the American market is saturated, the less efficient American industries would go out of business in the process of the economic system. That is the way we built the standard of living up for 150 years, until along came the change in policy in 1934, when we welcomed the cheap labor products into this market without any evener or compensation whatever.

UNITED STATES WORLD'S DUMPING GROUND FOR
LOW-WAGE FOREIGN PRODUCTS

Mr. President, the Trade Agreements Act has made the United States the world's greatest dumping ground for low-wage, low-taxed foreign products which are identical, like, similar, or copies and imitations of goods and manufactures that formerly gave employment to millions of Americans.

Mr. President, in discussing the table I previously inserted in the RECORD, I have first gone back to the year 1947, and I have done that for 2 reasons.

One is that 1947 was the year when GATT, on our invitation, was created, and when we departed from the bilateral trade agreements contemplated and authorized in the 1934 Trade Agreements Act, and proceeded to enter into multilateral agreements, which were never contemplated in the 1934 act by any Government officials in their testi-

mony before congressional committees, or by any officials in their public utterances outside of the committee rooms, except Henry Wallace.

TRADE ACT HAS ACHIEVED OBJECTIVE OF DIVIDING UNITED STATES WEALTH MARKETS, JOBS WITH WORLD

Mr. President, I believe that the whole thing was thought out in advance, and that the Harry Dexter Whites and the Alger Hisses and all the rest of that "mess of great traders," which we bred here on our own shores, knew what was going to happen when the Congress of the United States adopted the 1934 Trade Agreements Act and amended the Constitution without referring the matter to the people, thereby putting into the hands of the Executive the regulation of the national economy and foreign trade, as well as the fixing of foreign policy, making it possible for the Executive to trade any industry or any part of an industry, according to the testimony of Secretary Dulles and Secretary Weeks, on his own prerogative, without discussing it with anyone, and least of all with the Members of the Senate and of the House of Representatives.

I think it was known what would happen. It has happened. It has been indicated on the Senate floor that the act has not worked. In my opinion, Mr. President, the act has worked exactly as it was proposed to work; that is, it is destroying the American workingmen and the American investor. When I refer to the American investor, I refer to the investor who has no outside investments in foreign nations. We have utterly destroyed him and small business, through the cheap-labor imports and taxes.

STATE DEPARTMENT OFFERS EXPLANATION WHY FOREIGN CONTROLS MORE RIGID, DRASTIC

Mr. President, the second reason I have gone back to 1947 in discussing the table above is that the State Department contends that it was not until after World War II and when it "sponsored the multilateral approach to international trade problems" that its objectives began to be substantially realized, which again takes us back to 1947 and GATT.

From 1934 until World War II, the State Department contends, the world was much upset and disturbed by authoritarian governments, so not a great deal could be accomplished. Even less could be accomplished during World War II, the State Department implies, in saying:

All countries engaged in World War II, in mobilizing their economies for war, were forced to abandon normal trade methods and resort to rigid control of exports and imports. The indirect effects of the war obliged most other countries to follow suit to a greater or lesser extent. In the immediate postwar period acute exchange difficulties and material shortages resulting from the war required continuance of, or even more rigid, trade controls.

Mr. President, the "even more rigid controls" continue today, as I pointed out early in my remarks. Through manipulation of currencies and multiple exchange foreign countries still are maintaining that they are experiencing "acute exchange difficulties." By making this claim they are able to utilize all the var-

ious exemptions which GATT provides for avoiding any lessening of their restriction and controls over imports and exports.

NATIONS MANUFACTURE OWN DOLLAR SHORTAGES

Mr. President those nations can always show they are short of dollar balance payments, until all of our wealth and markets are equally distributed among them. Then, Mr. President, we will be living as they are living, rather than having them live as we do.

Under the 1930 Tariff Act, we could bring about free trade and bring the standard of living of other nations up to ours. Or we could do that under a similar act which related to equalization of costs. That is what section 336 of the Tariff Act of 1930 provides, an equalization of costs. As the other nations raised their standards of living, the tariff would go down. When the people of the other nations were living about the same as our citizens, free trade would be automatic. That is what we all want. That is our objective. But we want to hold our standard.

STATE DEPARTMENT ASKS 5 YEARS TO MAKE GOOD PROMISES NOT KEPT IN PAST 24 YEARS

Mr. President, new totalitarian forces have risen in the world which are as disturbing to normal trade, or more so, than those from 1934 to the beginning of World War II.

But now comes the State Department and tells us that if Congress will just vote it 5 more years of power over our commerce and our national economy, everything will be dandy, being careful to disclaim any of the effects of the 1934 Trade Agreements Act for the first 13 years of its operation.

It should also disclaim any effects the act has had during the past 10 years, because all of the effects have been bad.

The principal effect has been to almost triple the imports of competitive products from low wage foreign countries, liquidate industries, create mass unemployment and cause 243 American cities and their metropolitan areas to become grievously distressed.

Five years more of multilateral trade agreements, of "planned redistribution of our national income," as Henry Wallace put it, around the world, and our national economy will sink as it did in Turkey, Egypt, China, Iran, India, Spain, Portugal and Thailand, all once rich nations, after adoption of free import or free trade policies.

COMMERCE CHIEF SAYS ACT HAD NO CHANCE TO WORK UNTIL 1953

Mr. Weeks does not even want to go back as far as 1947 as a base year when he thinks the 1934 Trade Agreements Act began to achieve its object. He stated:

I have said many times that trade was not normal until we finished the Korean war. You had a preparatory period in 1934-39 and then you had 6 or 7 years of war and then you had the reconstruction and the Korean war. We really never had a chance to develop our trade until 1953.

Representative SIMPSON asked the Secretary:

And all that happened in the twenties, thirties, and forties had nothing to do with where we are today except creating the ab-

normal circumstances under which we had abnormal trade, Mr. Secretary?

Mr. WEEKS. Mr. SIMPSON, you had no normal conditions in that period. You had two wars, you had reconstruction, devastation. There was no normal trade in the world in that period.

Those of my colleagues who championed free trade and the 1934 Trade Agreements Act during the years from 1934 to 1953, may wish to note Mr. Weeks' appraisal of their accomplishments.

I now turn again to the table which I last asked to have inserted in the RECORD, giving the value of imports, those entering duty free and therefore noncompetitive, and those which are competitive or dutiable.

In 1952, when, as Mr. Weeks contends, we did not have normal trade, our imports totaled \$10,747,497,000, of which \$6,256,950,000, or 58.22 percent, entered duty free, or, in other words noncompetitive. The value of our dutiable or competitive imports was \$4,490,546,000, or 41.78 percent.

WAR ECONOMY CONTINUES AS TAXPAYERS' MONEY SQUANDERED OVERSEAS

Let me say at this point, so that there may be no misunderstanding, that we are living on a war economy today. Our American markets are gone, and we are priced out of the foreign markets.

Everything we send abroad costs the American taxpayers money. We make up the difference between our cost here and the world market, with the taxpayers' money. Now the \$40 billion we have been spending each fiscal year is increased to about \$50 billion. It will probably be \$60 billion for the coming year. It might be that we could revive the economy for a little while; but if we back off and take a look, what do we see? The American people are paying interest on \$852 billion—more than three-quarters of a trillion dollars. Soon the figure will reach a trillion dollars; and there is certain to come before the Congress before it adjourns, or early in the next Congress, a request to raise the debt limit again.

DEBT MOUNTS AS POLITICAL AND ECONOMIC PINCERS TIGHTEN

With all this prosperity we have increased the debt limit steadily. We have steadily increased the cost of doing business by inflation. We are living under an economy that was established for 150 years, and is difficult to destroy. But those who seek to destroy it are nearer their objective today than they have ever been.

There is under way a pincers movement to destroy this Government. It is both political and economic. The Status of Forces Treaty and other like impositions are a part of that movement, as was the action in going off the gold standard and deliberately starting inflation.

TRADE AGREEMENTS ACT INTENDED TO REDUCE UNITED STATES ECONOMY TO WORLD LEVEL

The Free Trade Act of 1934 was not a trade act directed toward free trade by means of holding our standard of living while the other nations raised theirs, but based upon the principle of bringing

ours down to their level—down to the least common denominator on earth.

Not content with bilateral trade agreements, in 1947, according to the testimony of the Secretary of the Interior, in 1945, when the act was extended for 3 years, he said that under the 1934 Trade Agreements Act, the Executive had the authority to establish, in 1947, the organization in Geneva working under GATT—General Agreement on Tariffs and Trade; and we are now operating under that policy or principle.

Not content with 1 State Department, we have 36 nations working at the program, under multilateral trade agreements. No Member of Congress, no investor in American industry, and no workingman whose job is dependent upon American industry, can even be informed as to what is going on, until the deal is closed.

NONCOMPETITIVE IMPORTS DROP: COMPETITIVE IMPORTS RISE

In 1953, the year that Mr. Weeks contends we did resume normal trade, our imports totaled \$10,778,905,000, or only \$31,408,000 more than the previous year, but our noncompetitive imports dropped to \$5,919,501,000, or 55.3 percent and our competitive imports increased \$368,857,000 to \$4,859,403,000.

Mr. Weeks was entirely correct when he said that we had not had a normal period. We have been operating under emergencies ever since 1933. We have never let the water settle. We are afraid to let it settle now.

IMPORT COMPETITION INCREASES AT RATE OF \$400,000,000 ANNUALLY

By 1957, as the table shows, imports had increased to \$12,920,984,000 and our dutiable or competitive imports to \$6,462,380,000 or \$1,971,834,000 more than 1952 and \$1,602,977,000 more than in 1953.

In other words, Mr. President, we have been increasing import competition at the expense of American workingmen, investors, and taxpayers at an average rate of \$400 million a year.

This is what the Secretary refers to as normal trade. Imports of duty-free or noncompetitive goods in 1957 were only \$201,654,000 greater than in 1952, which, under Mr. Weeks' premise, was not a normal trade year.

The purpose of the trade agreements act is not to increase normal trade as it is called; the purpose is to increase competitive imports.

That I have said on the floor of the Senate many times. This act has been a success in doing what its creators thought it would do, not what the Congress thought it would do. Members of Congress did not understand it then; and much of the debate indicates that they do not understand what is now happening.

FAILURE RATE AT POSTWAR PEAK AS IMPORTS INCREASE

The result of increased competitive imports is unemployment and commercial failures.

In this connection, Mr. President, the New York Journal of Commerce on May 5, 1958, published a page 1, 3-column article under the heading: "Failure Rate at Postwar Peak."

"During March, on the basis of preliminary data, the seasonally adjusted annual rate of business failures was 62.5 per 10,000 concerns," the article read in part. "The rate continued high during April."

The March rate of 62.5 compared with the 1939 average rate of 69.8 and the 1940 rate 63. During the recession years of 1949 and 1954 the rates averaged 34.4 and 42.0 respectively.

The March seasonally adjusted annual failure rate of 62.5 per 10,000 concerns is equivalent to 1 failure for every 160 firms on an annual basis.

GATT ABILITY TO DESTROY ANY UNITED STATES INDUSTRY FREEZING VENTURE CAPITAL

Such a high rate of failures in itself is deleterious and constituted a drag on business. With the risk so great, venture capital tends to become cautious.

This, Mr. President, is an understatement if I ever heard one. What investor can be willing to risk or venture capital in an enterprise or business that delegates to GATT, meeting in Geneva, can destroy at its next session with the acquiescence of our own State Department?

I might add that it would be done without the knowledge of the workingmen or the investors, and without the knowledge of any Representative or Senator of that deal being made.

NEWS ARTICLE ON BUSINESS FAILURES CONTINUED

I continue my quotation from the New York Journal of Commerce article of May 5, 1958:

Significantly, the rise in the business failure rate has been accompanied by a decline in new incorporations. During March the number of new incorporations totaled 11,670, the smallest number for that month since 1954.

Mr. President, I regret that the graphic charts showing the failure rate over a period of years cannot be duplicated in the RECORD, but below this chart is an interesting and explanatory chart, which reads in part:

The business failure rate has risen substantially since the postwar period, reflecting mounting competition and the cost-price squeeze.

DURING RECESSION MOUNTING COMPETITION CAN ONLY COME FROM IMPORTS

That is a very interesting observation, Mr. President.

With fewer domestic concerns, where is this mounting competition coming from? Why, from the increasing imports, of course.

Where is the cost-price squeeze coming from when the number of enterprises is shrinking? Where only can it come from but from imports of competitive products from low-wage, low-tax countries.

I shall only quote one other sentence from the New York Journal article of May 5, 1958, and it is this:

The present rate (of business failures) is only moderately below that in the late thirties.

EFFECTIVENESS OF TRADE AGREEMENTS ACT PRIMARILY IN LIQUIDATING INDUSTRIES

But it has only been in recent years, according to the Cabinet members who testified before our committees, that the

Trade Agreements Act has been truly effective.

It is effective, as Henry Wallace recommended and prognosticated, in "liquidating" industries. "Liquidating" is Henry Wallace's term.

In the same issue of the New York Journal of Commerce from which I have quoted appears an Associated Press dispatch, which means that it was given wide circulation. It reads:

Federal officials expect a record total of about 85,000 business bankruptcies this fiscal year. And during the coming bookkeeping year, starting July 1, they anticipate an even bigger total, 95,000 cases.

A record total. What a price American business is having to pay for the free import policy.

Now let us turn back to 1953 again, the year that we are told our foreign trade, for the first time since 1934, when the Trade Agreements Act was passed, returned to normal.

Earlier in my remarks I submitted tables showing the numbers of distressed areas in our Nation and the industries in these areas which were particularly distressed and subject to unemployment.

INCREASED IMPORTS OF MANY COMPETITIVE PRODUCTS LISTED

Among them were many areas where one of the principal afflicted industries was that of manufacturing automobiles or automobile parts and components.

In 1953 there were 27,000 passenger cars imported from foreign countries, totaling in value \$52 million. In 1957 264,296 were imported valued at \$307,527,941.

In 1953 a total of \$43,798,363 worth of electrical machinery was imported; while in 1957 or last year the imports had increased to \$143,230,590.

In 1953 imports of other machinery including agricultural totaled \$199,924,776; in 1957 their total value was \$275,466,097.

In 1953 imports of toys, athletic and sporting goods amounted to \$17,014,648; in 1957 to \$44,484,074.

In 1953 imports of photographic goods were valued at \$25,418,134; in 1957 at \$41,075,534.

In 1953 imports of cotton manufactures were valued at \$72,631,279; in 1957 at \$136,163,818.

In 1953 the value of wool manufactures imported into the United States was \$98,121,958; in 1957 it was \$143,069,942.

In 1953 we imported \$85,236,250 in tobacco and tobacco manufactures; in 1957 the imports reached in value \$101,068,959.

In 1953 we imported iron ore and concentrates in the value of \$96,951,155; in 1957 imports of iron ore and concentrates had increased to \$285,091,782.

In 1953 we imported \$157,982,623 worth of alcoholic beverages from foreign countries; in 1957 \$217,073,656 worth.

In 1953 we imported sewing machines valued at \$23,410,401; in 1957 at \$31,062,680.

OIL IMPORTS SOAR WHILE UNITED STATES INDUSTRY STAGNATES

In 1953 our imports of petroleum and products, which compete against both our domestic oil and coal, were valued

at \$76,584,161. In 1957 we imported petroleum and products in the value of \$1,548,070,772, more than double the imports only 4 years earlier.

Mr. President, in view of the interest of the distinguished majority leader in this legislation to extend the trade agreements act I should perhaps amplify my reference to imports of petroleum and products.

The independent oil companies in Texas have been cut down to as low as 8 days out of every month. That production cutback is due to the oil imports from abroad.

Because of the heavy imports of crude petroleum and residual fuel oil from foreign countries, particularly from Venezuela where Vice President Nixon last month received an unpleasant reception, the Texas Railroad Commission, which regulates Texas oil production, has been obliged in recent months to limit production to 8 days per month. This month the railroad commission was very generous and permitted production to be increased to 9 days.

INDEPENDENT OIL COMPANIES CAUGHT IN SQUEEZE

What is that doing? It is breaking the independent oil companies. Every once in a while one of them sells out to a larger company. How long it will take to rid the country of independent producers is conjectural. The largest independent copper company in the United States sold out to one of the major copper companies early this year. It stood for the lower copper price, due to imports, as long as it could, and finally turned up its toes.

That is not the worst of it. No new independent companies can be created, because it is impossible to secure any investors who will put their money into new companies in an industry producing a product if that industry can be destroyed by the Executive, through the State Department, by means of a bilateral agreement, or in Geneva by means of multilateral treaties. That can be done on any day of the year, and the producer will not find out about it until he wakes up in the morning and reads about it in the paper. That is the only way he can find out about it. He will not be notified by the State Department or by GATT.

STATE DEPARTMENT VIOLATED PLEDGE TO CONGRESS IN CUTTING IMPORT TAX ON PETROLEUM PRODUCTS, COPPER

Now the importation of petroleum is a very special case, and I shall take a moment of the Senate's time to go into it in some detail, because in lowering the import tax on petroleum products from foreign countries, the State Department has not only used the procedures permitted under the Trade Agreements Act but in doing so has violated the specific intent of the act itself, and has set itself up as an arbitrary and absolute dictator of the trade agreements program.

Senators will note that in my reference to petroleum imports I used the words "import tax" instead of the word "duty." The distinction is important but somewhat technical.

In 1932 Congress in its wisdom placed an import tax on imports of crude petroleum and all its products. The tax placed on crude and fuel oil was 21 cents a barrel or one-half cent a gallon, a barrel containing 42 gallons.

When Congress passed the 1934 Trade Agreements Act it specifically contemplated that it apply only to what it had technically referred to as duties and not to the levies on imports that it called import taxes.

PRESIDENT DENIED POWER IN 1934 TRADE ACT TO LOWER EXCESS DUTIES BUT LOWERED ANYHOW

In the majority report of the House Ways and Means Committee on the 1934 trade agreements bill, which has been written for the committee not in Congress but in the executive branch, it was specifically stated as follows:

In order that the necessary reciprocity may be accorded, the President is empowered to promise that existing excise duties which affect imported goods will not be increased during the term of any particular agreement. It should be carefully noted, however, that the President is given no right to reduce or increase any excise duty. His power of reduction of duties is limited to those which are in fact customs duties.

I repeat, "The President is given no power to reduce or increase any excise duty."

The import tax on petroleum and products was an excise duty.

HOW IMPORT TAX WAS LOWERED IN DEFIANCE OF INTENT OF CONGRESS

The President had no power to reduce it. The import tax was 21 cents per barrel. Crude oil was then being imported at \$1 a barrel or less. The import tax worked out to about 20 percent ad valorem. Crude oil is now being imported at around \$3 per barrel. Had the import tax remained at 21 cents a barrel as the Ways and Means Committee specifically stated in the 1934 Trade Agreements Act, the import tax would have automatically been reduced to the equivalent of 7 percent ad valorem, as the result of inflation.

But even this did not satisfy the State Department in its anxiety to increase competitive imports against our domestic oil producers and oil workers and against our domestic coal producers and coal miners.

In 1939 they negotiated a trade agreement with Venezuela in violation of the 1934 commitment and the clear intent of the Trade Agreements Act, and in defiance of the Congress which passed it. Import taxes on petroleum products from Venezuela were slashed and under the unconditional most-favored-nation policy of the State Department were applicable to petroleum imports from all other countries.

MOST-FAVORED-NATION CLAUSE SPREADS INJURY THROUGHOUT WORLD

The most-favored-nation clause means that the United States can make a trade agreement with one country, and automatically any tariff reduction on any product is available to all other countries. It may be said that that does not make much sense. It does not. But that is the way it is. The other country need give nothing, but the advantage is available to it.

Further reductions were written into other agreements, including the GATT Agreement of 1947 and the renegotiated agreement with Venezuela in 1951. The State Department appears to delight in negotiating agreements with dictatorial governments, and in advancing the economy of nations ruled by dictatorships or military juntas.

INFLATION MADE REDUCED IMPORT TAXES NEGLIGIBLE

Today the import tax on heavy crude is 5¼ cents per barrel or one-eighth of a cent per gallon, and that on light crude it is 10½ cents per barrel or one-fourth of a cent per gallon.

In 1957 there were 93,411,696 barrels of heavy crude valued at \$194,761,034 imported, and 292,744,361 barrels of light crude valued at \$787,819,025 imported.

Imports of residual fuel oil on which an import tax of 5¼ cents a barrel or one-eighth of a cent per gallon totaled 127,412,203 barrels in 1957 and were valued at \$342,684,374.

Residual oil for Government use or to supply ships engaged in foreign trade is not subject to an import tax, but this in 1957 amounted to only 47,471,030 barrels valued at \$118,824,057.

Import taxes were set by Congress on gasoline and motor fuel at \$1.05 per barrel, but reduced by the State Department to 52.5 cents per barrel and imports are divided into 2 categories, 1 that under 100 octane and the other that over 100 octane.

Imports of the low octane gasoline in 1957 were 1,400,000 barrels valued at \$6 million, and that of high octane, 57,000 barrels valued at \$422,000.

No authority was given the State Department, the President, or anyone else under the Trade Agreements Act to reduce any of these import taxes, as the report on the 1934 bill expressly and emphatically states, but the State Department has done it anyway.

GOAL OF STATE DEPARTMENT IS TO INCREASE IMPORT COMPETITION AGAINST UNITED STATES INDUSTRIES

The State Department is dedicated to foreign interests and to increasing import competition.

Mr. President, there are several other commodities on which Congress imposed import taxes instead of duties, and on which the President was given no right to reduce or increase under the Trade Agreements Act, but which his State Department reduced anyway.

These include copper-bearing ores and concentrates and lumber. Under the Trade Agreements Act the State Department assumes that it can do anything, regardless of any previous commitments or stipulations by the Congress.

I now return, Mr. President, to imports of products which are subject to duties instead of import taxes and which therefore do come within the province of the State Department under the Trade Agreements Act, and on which they have reduced duties year after year and now wish to reduce duties further for 5 more years.

INCREASE IN OTHER COMPETITIVE IMPORTS SINCE 1953 LISTED

In 1953 imports of zinc and manufactures were valued at \$100,796,164; in 1957 at \$153,767,791.

In 1953 imports of lead and manufactures were valued at \$115,804,813; in 1957 at \$156,988,165.

In 1953 imports of fish and shellfish products were valued at \$193,850,688; in 1957 at \$254,395,109.

In 1953 imports of glass and glass products were valued at \$30,242,874; in 1957 at \$54,236,847.

In 1953 imports of clay products were valued at \$46,109,803; in 1957 at \$77,608,567.

In 1953 imports of leather and leather manufactures were valued at \$46,343,847; in 1957 at \$85,887,613.

In 1953 imports of scientific instruments were valued at \$12,682,469; in 1957 at \$29,445,434.

In 1953 we imported chemicals, pigments, paints and varnishes valued at \$79,562,182; in 1957 we imported these competitive commodities in the value of \$97,220,146.

In 1953 we imported 73,676 typewriters valued at \$4,586,467 in 1957 we imported 337,682; typewriters valued at \$16,954,903.

In 1953 we imported 700,970 sewing machines, most of them from Japan, valued at \$10,819,185; in 1957 we imported 1,125,507 sewing machines, again mostly from Japan, valued at \$31,329,635.

Mr. President, I could continue reciting these statistics indefinitely. They are accurate statistics and not estimates. They are statistics from the foreign trade reports of the Bureau of the Census of the Department of Commerce.

IMPORT INCREASES REFLECTED IN OUR 259 DISTRESSED AREAS

All of these imports are competitive against American products, American industries, and American labor.

The effect of these imports is spelled out in the list of 259 distressed areas which I have inserted in the RECORD, together with what the Labor Department chooses to term industries primarily responsible for employment decline.

What are these industries which the Labor Department states are primarily responsible for employment decline?

Why, they are the very same industries which have been subjected to ever-increasing import competition under the Trade Agreements Act during the years when Mr. Weeks assures us that the act is working very effectively under conditions of normal trade.

TRADE AGREEMENTS ACT RESPONSIBLE FOR EMPLOYMENT DROP

Of course the Labor Department is in error when it states that these industries are primarily responsible for employment decline. It is a calumny on these American industries to say that they are primarily responsible or responsible at all for the employment decline. They are not responsible.

What is responsible for the employment decline is the Trade Agreements Act and the imports flooding into our country as a result of the concessions made to foreign nations under the Trade Agreements Act.

Not only is the Trade Agreements Act primarily responsible for the great employment decline, with respect to many of our industries it is solely responsible.

Yet the Labor Department chooses to attempt to put the responsibility on our stricken American industries, progressively being destroyed by the Trade Agreements Act. It is an excellent illustration, Mr. President, of the exercises in semantics our executive branch has employed in its efforts to continue its suicidal increased imports policy.

HENRY WALLACE'S COUNSEL OF LIQUIDATING INDUSTRIES SLOWLY STILL BEING FOLLOWED

Mr. President, early in my remarks I quoted Henry Wallace and his suggestions, made back in 1934, for "liquidating, definitely, yet slowly," certain industries which the Government itself would select for liquidation.

This is being done and has been done under the Trade Agreements Act, and it has been done precisely as Mr. Wallace advised—"definitely, yet slowly." The records show it.

Until 1947 it was being done too slowly to suit the international free traders, and so a decision was made to accelerate the program of liquidation through the creation of GATT, where international planning could be carried on and arrangements to sell out American industries, wage earners, and investors could be made multilaterally, which were other Wallace recommendations.

FIVE MORE YEARS OF LIQUIDATING PROCESS COULD COMPLETE IT

Mr. Wallace envisioned a maximum of 30 years as the time required for a planned redistribution of our national income. The pending bill would continue the program of liquidation for 5 more years or to within 1 year of Mr. Wallace's deadline. Actually it would or could continue it for 5 more years because the bill contains a gimmick that means that up to the final day of the 5-year period the State Department can negotiate agreements progressively lowering tariffs 5 percent a year for the next 5 years.

By that time, Mr. President, if the bill is enacted, liquidation should be complete, all of our wealth redistributed, and foreign countries given a monopoly of our markets with respect to those products with which we formerly competed.

FOREIGN RESTRICTIONS AGAINST UNITED STATES PRODUCTS INCREASE

Mr. President, for 24 years Secretaries of State have been telling Congress that foreign nations will reduce their trade barriers against American products if Congress will only extend the Trade Agreements Act a few more years.

Today more foreign countries impose more restrictions against American products than ever before.

Thirty-six foreign nations during the past 12 months have increased tariffs on some or many American products, and many more have tightened quotas or exchange restrictions.

INTERNATIONAL SOCIALISM FOSTERED BY TRADE AGREEMENTS ACT

I have previously said that no foreign nations under the multilateral arrangements, or the GATT arrangements, are compelled to keep their part of the trade

agreement so long as they can show they are short a dollar balance in trade; and they can do that until our wealth and markets are evenly divided. Therefore, the only objective there can be under the bill is a complete redistribution of the wealth internationally—an international Socialist arrangement. Each year the barriers to American goods which foreign countries have to pay for is raised higher, and every year we lower our low tariffs lower to bring in more foreign goods made by foreign labor.

As I have previously said, no nation on earth needs a tariff against our goods to equal any difference in wages or cost of doing business. Our costs are higher than those of any other nation on earth, and 10 times as high as those of many of the nations, countries like Japan, with which we are competing on important products—with instruments, textiles, minerals, titanium, plywood, and many others.

IMPORT LICENSE, EXCHANGE RESTRICTIONS OF 93 COUNTRIES SHOWN

Mr. President, Foreign Commerce Weekly, the publication which the Department of Commerce issues weekly for the information and guidance of importers, water-front brokers, and foreign investors, on June 2, 1958, published a list of foreign countries with which we trade that impose import license restrictions or exchange restrictions against American imports.

It lists 93 foreign countries, a British protectorate, two sultanates, and two sheikdoms.

Eighty-nine of the countries, the protectorate, two sultanates, and one sheikdom impose controls over some or all United States products entering their markets, or over the money that can be paid for them.

WORLD'S ONLY FREE TRADE NATIONS WEAK, IMPOVERISHED

The countries which do not, according to the Department of Commerce, are Bolivia, French Somaliland, Paraguay, and Yemen. The sultanate of Oman, of which Muscat is the Capital, also does not employ these barriers. It will be noted that these are very small, unimportant nations.

The prosperity and strength of these areas, Mr. President, should indicate the benefits and advantages that accrue to a country through free trade. When the United States is reduced to the economic status of Bolivia, or Paraguay, or Arab Yemen and Arab Oman, the free-import policy so vigorously advocated by the State Department will be achieved.

EUROPEAN COMMON MARKET TO RAISE BARRIERS AGAINST OTHER NATIONS

Mr. President, earlier in my remarks I referred to a dispatch from London which states that six of the European Common Market nations are getting together to remove tariffs as between themselves. But they are very careful to maintain all individual tariffs against other nations, all outsiders. Why? Not because the living standards of those six nations are higher or because their costs of manufacturing are greater, but in order to keep out of their countries

the products of the industrial plants located in other countries.

IMPORT, EXCHANGE BARRIERS OF FOREIGN NATIONS

Mr. President, I ask unanimous consent to have printed in the RECORD a summary—from the Department of Commerce's Foreign Commerce Weekly of June 2, 1958—entitled "Summary of Foreign Control Regulations Applying to Imports From the United States." The Department, of course, presents the rosiest possible picture of the application of these restrictions; and it will be noted that in stating whether import licenses are necessary, or whether exchange permits are required, the Department will frequently state "no, but," or "no, except for." When these answers are given,

they mean that import licenses or exchange permits are required for some goods of United States origin, but not on other goods of United States origin.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF FOREIGN CONTROL REGULATIONS APPLYING TO IMPORTS FROM THE UNITED STATES

The following tabulation of the import and exchange permit requirements of foreign countries, prepared by the Bureau of Foreign Commerce as an aid to exporters, has been revised as of May 12, 1958.

The regulations apply primarily to goods of United States origin and to other goods payable in United States dollars.

Many countries do not permit foreign goods to be imported unless covered by im-

port licenses, which must be obtained by the importer. In some cases an import license must be granted before the order for goods is placed, and some countries also require the importer to obtain an exchange permit before he may make payment for the import.

United States exporters therefore are urged to make certain before shipping that the foreign importer has obtained the required permit, and they should insist on being furnished the identifying number or symbol of the permit.

More detailed information on licensing and exchange controls may be obtained from the field offices of the United States Department of Commerce. Publications covering licensing and exchange controls of individual countries also are available from the field offices at a nominal charge.

Country	Is import license necessary?	Is exchange permit required?
Afghanistan	No, for most imports; but a declaration or customs permit must be obtained from Afghan border officials or trade agents abroad.	No; but permission to remit foreign exchange to exporters abroad must be obtained from Da Afghanistan Bank.
Arabian Peninsula areas:		
Saudi Arabia	Yes	No.
Aden, Bahrain, Qatar, Trucial Oman	do.	Yes.
Muscat and Oman, Yemen	No	No.
Argentina	No; except for certain products subject to import quota.	Yes, for goods contained in lists of imports granted official rate of exchange. No, for goods contained in free-market lists.
Australia	Yes	No; import license carries right to foreign exchange.
Austria	Yes, except for specially exempted items.	Yes, but cannot be refused for items on dollar-import free list.
Belgian Congo	Yes; combination import license and exchange authorization is required for all imports except shipments valued at \$100 or less provided the goods are not intended for resale. License is usually granted as formality.	Yes.
Belgium-Luxembourg	No, except for specific items. Licenses usually freely granted if still required.	No separate permit required.
Bolivia	No	No.
Brazil	No, except for nonessential or luxury goods; for all other goods a certificate of exchange cover is required.	No; exchange for most imports is sold at auction.
British Colonies not specified elsewhere	Yes, except for certain items under open general license.	Yes; import license generally assures release of foreign exchange.
Bulgaria	Yes	Import license automatically assures foreign exchange.
Burma	Yes; except for Government imports.	Yes.
Cambodia	Yes	Yes; import license carries right to foreign exchange.
Canada	No, except for butter, butter oil and butterfat, cheddar cheese, dried skim milk, wheat, oats, and barley and certain processed products of these grains; turkeys and fowl; natural gas; radioactive and fissionable materials, isotopes, and equipment for production, use, or application of atomic energy. Import of alcoholic beverages requires provincial licenses. Secondhand automobiles manufactured before year in which importation is sought, secondhand aircraft, oleomargarine, and butter substitutes and spreads are prohibited importation.	No.
Ceylon	Yes; unless the commodity is under open general license.	Yes.
Chile	No; but items permitted import are listed, and items not on the list are prohibited import. Importers of merchandise permitted import must place a deposit with the central bank, and the foreign exporter must present a copy of the deposit certificate to a Chilean consulate.	No.
Colombia	Yes. All imports require an import registration certificate, which is issued upon payment of an ad valorem deposit of 100 percent, except for a few commodities which require a 20-percent deposit. Imports included in the "prior license" list also require a specific license from the import-control authorities. A large group of commodities is prohibited importation.	No. Importer purchases foreign exchange from the bank concerned upon submission of import registration and evidence (customs manifests) that the goods have entered Colombia.
Costa Rica	No; except for live animals.	Yes, for imports with official exchange. No permit required for imports with free market exchange.
Cuba	No; except for wheat and wheat flour, rice, tires and tubes, red and pink beans, potatoes, condensed milk, and butter. Imports of butter, cheese, powdered skim milk, and cream or fats obtained from milk are subject to special requirements involving registration of purchase contracts and prior authorization for customs clearance.	No.
Czechoslovakia	Yes	Import license automatically provides for allocation of necessary foreign exchange.
Denmark	Yes; but no license required for dollar goods on extensive general free list.	Yes; copy of license or importer's declaration with customs certification of import takes place of exchange license.
Dominican Republic	No. Except for wheat and wheat flour, rice, fertilizer, radio transmission apparatus, treated wood posts, barbed wire, wire staples, fruit, vegetables, seed, tubers, empty bags and sacks, lard and rendered pork fat, and confectionery and other edible products in which sugar or chocolate constitutes the principal ingredient.	No; but all applications for foreign exchange require Government approval which is granted automatically for bona fide commercial transactions.
Ecuador	Yes; one copy must be presented to obtain consular legalization of prescribed documents. Some items considered nonessential are prohibited. Import quotas are imposed on certain items to stimulate local production.	No; import license carries right to foreign exchange.
Egypt (United Arab Republic)	Yes; unlicensed imports are subject to confiscation.	Yes.
El Salvador	No; except for a few items such as chemical and pharmaceutical products, strong liquors, essences for making liquor, and cotton.	No.
Ethiopia	No	Yes.
Finland	Yes, but automatic licenses issued for a limited list of dollar goods.	No separate permit required; import license carries right to foreign exchange.
France	Yes, with a few exceptions.	Do.

Footnotes at end of table.

Country	Is import license necessary?	Is exchange permit required?
French overseas territories not elsewhere specified, except French Somaliland.	Yes.....	Yes; import license carries right to foreign exchange.
French Somaliland.	No.....	No.
Germany, Federal Republic, including Western Berlin.	Yes; except for items on dollar import free list. At present over 90 percent of imports except State-traded goods are liberalized for the dollar area.	Yes; import and payments license combined in 1 document.
Germany, Soviet zone, including Soviet sector of Berlin.	Yes; Government monopolies for foreign trade are the only importers.	Yes.
Greece.....	No; except for certain machinery and a few luxury items.....	No; but applications for foreign exchange must be registered with the authorities; for imports financed by International Cooperation Administration procurement authorization and for purchases amounting to \$1,000 and \$10,000 by Government agencies and public utilities, respectively. Bank of Greece approval is required.
Ghana.....	Yes.....	Yes; import license generally assures release of foreign exchange.
Guatemala.....	No; except for wheat and wheat flour, maps of Guatemala, ceramic tile, paperboard, coarse-fiber bags, explosives, and some iron and steel products, such as structural shapes, doors, and window frames.	No.
Haiti.....	No; except for wheat-quota imports and tobacco products.....	No.
Honduras.....	No; except for firearms, gunpowder, munitions, explosives, alcohol, narcotics, pharmaceutical specialties, animals, plants, and plant and animal products.	No.
Hong Kong.....	Yes; for dutiable, strategic, or short-supply goods.....	No; except for few transactions financed at official rate of exchange.
Hungary.....	Yes.....	Yes.
Iceland.....	Yes; except for items on special conditional free list and a limited number of staples.	Yes; except for special conditional free list imports.
India.....	Yes; except for trade samples, or free replacements of defective articles previously imported.	Yes; foreign exchange is automatically released, however, upon presentation of validated import license to exchange bank.
Indonesia.....	Yes.....	No.
Iran.....	Yes; but only to release goods from customs.....	Exchange granted automatically for authorized imports.
Iraq.....	Yes.....	Yes; permits are obtained through licensed dealers unless specifically authorized by national bank.
Ireland.....	For a few products only.....	Yes.
Israel.....	Yes.....	Yes; import license carries authority (exchange permit) to obtain foreign exchange.
Italy.....	Yes; from Italian Exchange Office except for list A goods—mostly industrial raw materials and certain types of machines.	No separate permit required.
Japan.....	Yes.....	Some commodities, announced by Japanese Government from time to time, require allocation certificate; for others, import license carries right to foreign exchange.
Jordan.....	Yes, except for imports from nearby Arab States.....	Yes.
Korea, Republic of.....	No. A limited number of commodities require approval from certain Government agencies.	No. Items on Government's ordinary (essential) import list may be imported with foreign exchange deposited in an import account in the Bank of Korea, purchased from the bank, or purchased at Government dollar sales. Items on the special (less essential) list are importable only with exchange earned from exports.
Kuwait.....	No, except for firearms, munitions, poisonous substances, pork, pork products, and alcoholic beverages.	No.
Laos.....	Yes.....	Yes; import license carries right to foreign exchange.
Lebanon.....	do.....	No.
Liberia.....	No; except for arms, ammunition, used clothing, pharmaceuticals, and rice.	Do.
Libya.....	Yes.....	Yes; exchange permit issued automatically if import license has been issued.
Malaya, Federation of.....	Yes; only certain items may be imported directly from hard-currency sources. Licenses to import non-sterling-area goods via Hong Kong are issued provided certain exchange regulations are observed.	Yes; for direct imports. For imports from hard-currency areas via Hong Kong no permit is necessary but payment must be made in a sterling-area currency and shipment effected on a bill of lading issued in Hong Kong.
Mexico.....	Yes, for an extensive list of articles.....	No.
Morocco—French, Spanish, and International Zone of Tangier—were united in 1956. Tangier is the only 1 of the 3 zones which does not maintain import or exchange controls.)	Yes, with exception of goods imported sans devise, i. e., shipments financed by importer with his own funds held abroad. An import-quota system requires special permit for import of used clothing, certain textiles, readymade men's and boys' clothing, and electric cable and wire. This requirement covers all such imports regardless of means of financing or country of origin and includes imports sans devise.	Yes; except for goods imported sans devise.
Netherlands.....	Yes, but automatically granted for most commodities.....	No separate permit required.
Netherlands West Indies.....	No, except for certain items.....	Yes.
New Zealand.....	Yes.....	No; import license carries right to foreign exchange.
Nicaragua.....	do.....	No; import permit authorizes purchase of exchange.
Norway.....	Yes, but issued automatically for wide range of products.....	No; foreign exchange is automatically made available in currency specified in import license.
Pakistan.....	Yes.....	Yes; foreign exchange is automatically released, however, upon presentation of validated import license to exchange bank.
Panama.....	No; except for a limited list of agricultural commodities.....	No.
Paraguay.....	No.....	Do.
Peru.....	No; except for plants, roots, seeds, cuttings, animals, medicinal cigarettes, explosives, firearms and other weapons, alcoholic beverages, salt, tobacco, chemical and pharmaceutical products, matches, hatching eggs, and duplicating machines. A quota limitation is placed on import of automobiles.	Do.
Philippines.....	No permit as such, but most imports subject to exchange controls.	No permit as such, but letter of credit opened against exchange allocation considered as exchange license. Exchange generally allocated to importers semiannually for 1 or more of 6 classes of imports. A limited number of decontrolled commodities may be imported without quota limitations.
Poland.....	Yes.....	Yes.
Portugal, including the Azores and Maderia.....	Yes, but granted automatically for certain items.....	Do.
Portuguese Colonies.....	Yes.....	Yes. In Angola, however, import license carries with it authorization to obtain foreign exchange needed for payment of goods to which license pertains.
Rhodesia and Nyasaland, Federation of.....	Yes; for goods under quota. Many goods are prohibited, but goods not under quota and not prohibited are freely importable under open general license.	Yes; import license carries right to foreign exchange.
Rumania.....	Yes.....	Yes.
Singapore.....	Yes; only certain items may be imported directly from hard-currency sources. Licenses to import non-sterling-area goods via Hong Kong are issued provided certain exchange regulations are observed.	Yes, for direct imports. For imports from hard-currency areas via Hong Kong no permit is necessary, but payment must be made in a sterling-area currency and shipment effected on bill of lading issued in Hong Kong.

Footnotes at end of table.

Country	Is import license necessary?	Is exchange permit required?
Spain, including Canary Islands.....	Yes; obtainable mainly for essential raw materials.....	Yes; special exchange rates fixed for many import products.
Spanish Africa.....	Yes.....	Yes; import license carries right to foreign exchange.
Sudan.....	Yes for hard-currency imports.....	Yes.
Surinam.....	Yes, except for certain goods paid for by a confirmed bank credit against documents valid for a term not greater than 6 months, or by documentary drafts to be collected through a bank with a term not greater than 90 days.	No; import license carries right to foreign exchange.
Sweden.....	No, for most goods imported from United States; import license still required for such commodities as automobiles, coal, and certain agricultural products.	No separate permit required. Foreign exchange, including dollar exchange, is automatically made available if import license specifies payment in such currency and if license is registered with a foreign exchange bank within 2 months after issuance.
Switzerland.....	Import license required for certain agricultural products and some types of vehicles and machinery. Also, special import authorizations must be obtained for most animals and fowl, shellfish, bees, beeswax, and honeycomb.	No.
Syria (United Arab Republic).....	Yes.....	Do.
Taiwan (Formosa).....	do.....	Yes; automatically granted with issuance of import license.
Thailand.....	No; except for 28 categories of specified goods.....	No; but a certificate of payment issued by Bank of Thailand or authorized bank or company is required.
Turkey.....	Yes.....	1 application suffices for both import license and exchange-control purposes.
Union of South Africa.....	Yes; but some goods, chiefly certain textile piece goods, gasoline and oil, and accessories for the clothing industry, are exempt.	Most consumer goods are licensed on basis of periodic exchange quotas established by Government. Luxury motor vehicles of an f. o. b. value of over £800 are prohibited. Other goods, including capital and industrial raw materials, are licensed on basis of importers' current needs; policy is to grant license applications freely for reasonable requirements. Licenses are valid for purchases in any country, including the United States.
United Kingdom.....	Yes; except some foodstuffs, raw materials, fertilizers, etc.....	Yes; granted automatically following issuance of import license.
Uruguay.....	Yes.....	No; import license carries right to foreign exchange.
U. S. S. R.....	Yes; importing government agencies are responsible for securing own permit.	Yes; all exchange is allocated by U. S. S. R. State Bank upon receipt of import license.
Venezuela.....	No; except for approximately 25 tariff items.....	No.
Vietnam.....	Yes.....	Yes; import license carries right to foreign exchange.
Yugoslavia.....	No; individual import license abolished July 1, 1952; since that time only licensed import firms are permitted to carry on import operations.	No; but Government maintains strict control over foreign exchange allocations.

¹ Includes Bahamas; Bermuda; the West Indies (Barbados, Jamaica, Trinidad, Leeward Islands, and Windward Islands); British East Africa; Gambia; Nigeria; Sierra Leone; British Guiana; British Honduras; and minor colonies, protectorates, and trusteeship territories.

² British Borneo (Brunei, North Borneo, and Sarawak) regulations are the same as Singapore's.

BRITISH TOKEN IMPORT PLAN IN 12TH YEAR

Mr. MALONE. Mr. President, on January 6, 1958, the Department of Commerce announced:

British token import plan extended.

Then followed a statement which I shall read in part:

The British token import plan is to be extended through 1958 on the same basis as for 1957.

The British token import plan, established with the United States in 1946, enables eligible United States manufacturers or other eligible United States firms to export to the United Kingdom token shipments or specified commodities whose importation from other dollar sources is otherwise generally prohibited by the British Government.

As in 1957, eligible participants will be permitted to make shipments under the plan in 1958 in an amount not exceeding 30 percent of the individual certified firm's average annual exports of specified commodities to the United Kingdom in the base years 1936, 1937, and 1938.

DEPRESSION YEARS OF 1936-38 USED AS TOKEN IMPORT BASE

Mr. President, the years 1936-38 were depression years. Total exports of the United States to all countries in those years averaged less than \$3 billion, or only 14 percent of what they were in 1957. The "grandfather clause" in the British token plan permits slightly over 500 American firms which were exporting to Britain in those depression years to export, this year, 30 percent of what they did then.

In addition to the British token import plan, Britain imposes import licenses, exchange permits, a general tariff, and a key industry tariff, the latter enacted by Parliament in 1921, under the Safeguarding of Industries Act.

Less than five and one-half million dollars' worth of American products are permitted to compete against the long list of British manufactures listed under the British token import plan.

BARRIERS USED TO LURE AMERICAN FIRMS TO BRITAIN

The Foreign Commerce Weekly, in its issue of April 7, 1958, applauded the British barriers to American products as an added incentive for American firms to invest their dollars in British plants and industries. I quote from that issue:

The maintenance of import controls on a wide range of manufactures will continue to provide one of the principal reasons for American firms to seek to establish branch plants or to conclude patent-licensing agreements with United Kingdom firms.

Manufacturing in the United Kingdom affords such American manufacturers access not only to the British market, but to sterling area and certain other western European markets which might otherwise be closed to him.

Mr. President, let us analyze this remarkable statement by a Department of Commerce official in a Department of Commerce publication.

Britain maintains rigid import controls. She maintains them on a wide range of industries. She will continue to maintain these controls on a wide range of manufactures. By continuing to maintain them, she will continue to provide one of the principal reasons for American firms to establish branch plants in England.

PROTECTION PLEDGED UNITED STATES FIRMS INVESTING IN BRITAIN; RECEIVE NONE HERE

If the American firms invest their capital in Britain, they are assured of continued protection, which, incidentally,

they will never receive in the United States, so long as we have a Trade Agreements Act. If they do not invest their capital in Britain, they receive no protection. If they invest their capital in Britain, they will have access to Britain's market. If they invest their capital in the United States, they will have no access, or only token access, to Britain's market.

High general tariffs, key industry tariffs, import license controls, exchange controls, and token quota systems will keep the American firms out of Britain's markets if they invest their capital in America, instead of investing it in Britain.

If American firms invest their capital in Britain they will have access both to the British market and to the entire sterling area market.

ACCESS TO BRITISH, STERLING, EUROPEAN MARKETS ASSURED

That is what the Department of Commerce says.

If American firms invest their capital in Britain, they will have access both to Britain's market and to the sterling area market and also to certain European markets.

That is what the Department of Commerce also says. It is not specific or explicit about the other European markets, but the statement made, which I have quoted, implies that Britain has power to keep American goods out of other European markets, but can get goods manufactured by American firms in Britain into these European markets.

SCHEME TO LURE UNITED STATES INVESTMENTS IN INTERNATIONAL ECONOMIC BLACKMAIL

Mr. President, that is the European Economic Community. It was created for Europe, as it should be. But the

United States is the sucker; the United States is the one who does not understand the effect of the shading of a tariff or an import quota or exchange permit, thus forcing American firms to locate factories in those countries, to supply that market, and then to supply the United States market with the products of that cheap labor.

Mr. President, if this is true it verges on international economic blackmail.

It is one thing for a country to threaten: "Invest your American dollars in our country, or we will keep you out of our market."

It is quite another thing for a country to say: "Invest your American dollars in our country or we will keep you out of other European countries."

UNITED STATES FREE IMPORT POLICY OPENS DOORS OF AMERICAN MARKET TO FOREIGN-MADE PRODUCTS

Omitted from the Department of Commerce report is this important fact: while an American firm which invests its capital in England has access to the British market, the sterling area market, and certain European markets, it also, under our free import policy, has access to the entire American market.

American firms can invest American dollars, earned by the sweat of American workers, in any foreign country, hire the cheap labor in those foreign countries, manufacture products, and send them back to this country duty free, or almost duty free, to flood our markets, close American factories, mills, and farms, and throw thousands or tens of thousands of American citizens out of work.

Britain is not the only country that has token imports systems. France and Italy are among others.

BRITISH TOKEN IMPORT PLAN DESCRIBED IN MEMORANDUM

Mr. President, I ask unanimous consent to have printed in the RECORD a memorandum—prepared for me by the Department of Commerce—on the British token import plan.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM WITH RESPECT TO THE BRITISH TOKEN IMPORT PLAN

The British Government controls the import of goods from dollar sources because they consider it necessary to conserve their dollar exchange for what they believe to be the most important needs of the British economy. Their import licensing authorities generally permit the import of only those goods from the United States and other dollar countries which they consider to be essential and for which adequate substitutes are not alternatively available at home or from some other nondollar source of supply. Under this procedure, United Kingdom imports which have to be paid for in dollars have consisted mainly of basic foods and feedstuffs, raw materials, and machinery and other producers' goods. The token plan was therefore set up by the British Government in 1946 to afford an opportunity to firms which had established a prewar market, built up good will and trade contacts in the United Kingdom for products on an approved list of commodities, principally con-

sumer goods, which would not ordinarily be licensed for import from this country or Canada under the operation of these controls, to maintain token quantities of their products before the British public until such time as they could again be imported freely.

1. Section 361.13 of the attached copy of the Department of Commerce regulations governing the operation of the British token import plan lists the commodity groups which may be imported into the United Kingdom under the token plan arrangements. On the basis of statistics of trade during the prewar base period years 1936-38 quotas have been established for import from the United States for about 200 of these commodity groups.

More than 500 United States firms have participated in the British token import plan arrangements. In this connection, it should be noted that Section 361.12 of the token plan regulations attached, make such information available to private persons or firms provided they comply with certain conditions. Lists of firms certified to participate in the token plan may be made available to certain types of United States traders, upon application and appropriate justification, and the payment of a \$5 fee for each list by commodity group. The regulation further provides that such lists, when made available by the Bureau of Foreign Commerce, must not be published or circulated in any form.

2. There are no other arrangements between the United States and the United Kingdom comparable to the British token import plan. However, the British Government has in the past 3 years either increased or established quotas for additional commodities of interest to United States traders. These include, among others, the arrangements providing for the import of 600 motor cars from North America; of \$8.4 million of hardwood from the dollar area; and, of \$850,000 of United States periodicals for newsstand sale.

3. There is no list of United States products which are excluded entirely by Britain from importation into that country. The British Government import licensing regulations show only those items which can be imported freely or for which a quota has been established for import from the United States or the dollar area. The regulations state that applications by British importers to import other products not covered by these lists will be considered individually on their own merits.

Items are generally licensed for import from the United States only when they are considered by the United Kingdom import licensing authorities to be essential to the British economy and a suitable substitute is not alternatively available from a non-dollar source of supply. These criteria would presumably exclude most consumer goods and many types of general purpose machinery and other capital goods. However, the British Token Import Plan covers many categories of consumer goods which would otherwise be excluded.

Special licenses apparently are granted from time to time for some other consumer goods not included under the Token Plan. Moreover, especially in the producers goods field, while some particular item of equipment may not meet the import licensing criteria, many other types of special purpose equipment in the same category are licensed for import.

All these factors tend to decrease the number of categories of American products entirely excluded from the British market by the operation of the United Kingdom's import licensing controls. While there are

relatively few categories of goods, entirely excluded from the British market, there doubtless are a number of individual American products ranging from luxury type consumer goods such as "fur coats" to producers goods such as "twist drills" which, according to our information, may not have been licensed for import from the United States in any quantity over the last few years.

(Prepared by British Commonwealth Division Bureau of Foreign Commerce, OEA January 25, 1957.)

DRASTIC LIMIT, HIGH TARIFF PUT ON AMERICAN CARS BY BRITAIN WHILE UNITED STATES LOWERS DUTIES ON BRITISH VEHICLES

Mr. MALONE. Mr. President, I find it very interesting that under the British token import plan 600 motorcars may be imported into the United Kingdom from North America. North America would, of course, include Canada, so I do not know how many cars may be imported from the United States.

I do know that on motorcars imported from the United States the British tariff duty is 30 percent, and on top of that is a 25-percent tax. On motorcars imported from Canada the duty is 20 percent, under the British tariff differential which Britain gives to all her Commonwealths. So I would assume that most of these motorcars, 600 in number, were imported from Canada, where American manufacturers produce motorcars for export to foreign countries, including Red China.

Duties on British motorcars imported into the United States have been lowered to 8½ percent ad valorem, or 22½ percent less than the duty Britain charges. It is also 1½ percent less than the excise tax our Government imposes on American cars manufactured in America.

NINETY-FIVE THOUSAND FIVE HUNDRED AND TEN BRITISH CARS MARKETED IN UNITED STATES IN 1957

Recently we read in press dispatches that American firms manufacturing goods in Canada have been precluded, or at least they thought they had been, by our own rules and regulations, with reference to exporting to Communist China. However, Canada exports to Red China. Recently I read that there is to be a ruling which will release the American manufacturers doing business in Canada so they may also export to Red China. We have many ways of getting around what we are telling our own people we are doing.

During 1957, while Britain was limiting imports of motor cars—we call them automobiles—from North America to 600 vehicles, the United States was importing from Great Britain 95,510 new automobiles valued at \$122,599,163.

BRITISH TOKEN IMPORT PLAN REGULATIONS

Mr. President, I ask unanimous consent to have printed in the RECORD "Regulations Relating to the British Token Import Plan," prepared by the Department of Commerce and supplied me by the Department.

There being no objection, the regulations were ordered to be printed in the RECORD, as follows:

REGULATIONS RELATING TO THE BRITISH
TOKEN IMPORT PLAN

TITLE 15—COMMERCE AND FOREIGN TRADE

Chapter III—Bureau of Foreign Commerce,
Department of Commerce

Part 361—British Token Import Plan

Section

- 361.2 What the plan is.
- 361.3 Procedure for obtaining certification for prewar exports.
- 361.4 Issuance of token quota vouchers.
- 361.5 Use and transfer of token quota vouchers.
- 361.6 Validity period of token quota vouchers.
- 361.7 Procedure for distribution of quota balances not issued by June 30.
- 361.8 Additional information and reports.
- 361.9 Effect on United States export restrictions.
- 361.10 How to obtain information.
- 361.11 Denial of token plan privileges.
- 361.12 Inquiries on British token import plan participants.
- 361.13 Commodities subject to the plan.

Authority: Sections 361.2 to 361.13 issued under Revised Statutes 161; title 5, United States Code 22.

Sec. 361.2. What the plan is: (a) The British token import plan is an arrangement with the British Government which permits the United States manufacturers, their authorized agents, or other qualified exporters with established prewar trade connections in the United Kingdom (England, Scotland, Wales, and Northern Ireland) to export to that area token shipments of the specified commodities listed in section 361.13, the importation of which the British Government generally prohibits from dollar sources of supply under United Kingdom licensing procedure.

(b) Under the plan, the British Government will permit imports in a yearly amount not to exceed 30 percent of the value of the average annual shipments of the specified commodities of each qualified exporter during a base period consisting of the years 1936, 1937, and 1938. The British Government requires appropriate evidence, issued under authority of the United States Government, that manufacturers wishing to take advantage of opportunities under the arrangement did in fact make shipments of the commodities to the United Kingdom during the base period. The Bureau of Foreign Commerce has agreed to act as certifying agent and issue appropriate certificates, in the form of token quota vouchers, which the exporter forwards to the British importer for presentation to the British Board of Trade as a basis for obtaining an import license. The procedure for obtaining certification for prewar exports is set forth in section 361.3.

(c) An overall national quota, mutually accepted by the Department of Commerce and the British Board of Trade, has been computed for each commodity group from official trade statistics for the base period years 1936, 1937, and 1938. Priority in the distribution of this overall national quota will continue to be given (as in prior years) until June 30 to those individuals and firms (hereinafter referred to as "firms") which are able to furnish appropriate evidence substantiating the value of their prewar trade with the United Kingdom during the base period in the specified commodities. However, such priority is subject to the conditions set forth in section 361.4.

(d) In addition, the procedures make possible a limited participation by individuals and firms (hereinafter referred to as "firms") not having a prewar export base under certain conditions, as hereinafter more fully explained in section 361.7.

SEC. 361.3. Procedure for obtaining certification for prewar exports—(a) Eligibility

for certification: (1) Manufacturers who exported items on the commodity list (sec. 361.13) to the United Kingdom (England, Scotland, Wales, and Northern Ireland) during the base period 1936, 1937, and 1938, are eligible for certification under the plan, in respect to those items. "Manufacturer" means an individual, firm, or corporation that manufactures products sold through established markets. Such manufacturers must themselves request certification under the plan and not through any agent. However, manufacturers may, under the procedure set forth in section 361.4 (b), authorize an agent to make application for and to receive their token quota vouchers, and to handle the distribution and sale of their products under the token plan.

(2) Firms, other than manufacturers, having an established export trade from the United States to the United Kingdom during the years 1936, 1937, and 1938 in items on the commodity list (sec. 361.13), may be eligible for certification in respect to those items if they can demonstrate clearly that such trade was developed by them and not by a manufacturer. Firms, not manufacturers, which believe that they are eligible to participate in the token plan may request a determination of eligibility from the British Token Import Plan Unit, British Commonwealth Division, Bureau of Foreign Commerce, Department of Commerce, Washington, D. C. Such a request must fully identify their export connections with the United Kingdom during the years 1936, 1937, and 1938, and must contain a detailed description of the manner in which such trade was developed. Such firms must themselves and not through any agent request certification under the plan. Moreover, it is expected that such firms will themselves actively participate in the distribution and sale to United Kingdom importers of the commodities for which certification is required.

(b) Requests for certification: All applicants requesting certification under the British Token Import Plan are required to submit a "Request for Certification of Prewar Exports to the United Kingdom," Form FC 558.¹ Requests for certification need be submitted only one time for each commodity group, unless otherwise required by the Bureau of Foreign Commerce. A separate request for certification (1 copy only) must be submitted on Form FC 558¹ for each commodity group covered by the plan. Requests for certification must be submitted to the British Token Import Plan Unit, British Commonwealth Division, Bureau of Foreign Commerce, Department of Commerce, Washington, D. C., prior to June 30; no applications will be considered after that time. Requests for certification must be signed by one of the following persons: In the case of an individual owner, by that individual applicant; in the case of a partnership, by a partner; in the case of a corporation, by an officer. The quantity and value of exports listed on Form FC 558¹ by the applicant must cover only the permitted items of each commodity group shown on the commodity list (sec. 361.13). The applicant must also certify that the statements contained in its request are correct and complete and that the data supplied are information taken from verifiable records and other documentary evidence which are available for inspection by any duly authorized representative of the United States Department of Commerce. The name and title of the responsible official(s) designated to sign applications, on behalf of the applicant, for token quota vouchers must also be stated on the form. All applications should be filed as early in the year as possible.

(c) Certificates of eligibility: (1) Firms certified as eligible to participate in the token plan on the basis of their prewar exports to the United Kingdom of items on the commodity list (sec. 361.13) will be issued by the Bureau of Foreign Commerce at the be-

ginning of the plan year a certificate of eligibility, Form FC 926.¹ This certificate will inform certified firms of the amount of quota in each commodity group(s) which has been reserved for them until June 30 of the plan year. The quota specified on the certificate will amount to 30 percent of the average annual value (to the nearest \$25) of the certified firm's exports to the United Kingdom during the years 1936, 1937, and 1938 as shown by the verifiable figures listed in its Request for Certification of Prewar Exports to the United Kingdom, Form FC 558.¹ In all cases the certificates of eligibility when issued will be forwarded by the British Token Import Plan Unit directly to the certified firms named on them. Those certified firms which have appointed duly authorized agents in accordance with the provisions of section 361.4 (b) may transmit their certificates of eligibility to such agents if necessary to enable the agencies to carry out their functions under the token plan. A duplicate of the certificate of eligibility will be forwarded through the United States Embassy in London to the British Board of Trade and a triplicate retained by the British Token Import Plan Unit.

(2) Certificates of eligibility serve only as a notice of the token plan quotas which will be made available to the eligible firm named on the certificates (or in the case of manufacturers only, to their duly authorized agents), providing that such firms meet the conditions specified in section 361.4. These certificates, by themselves, do not entitle the firms named on them to make any shipments under the token plan. Certificates of eligibility are neither transferable nor negotiable; they apply only to the certified firms named on them.

SEC. 361.4. Issuance of token quota vouchers—(a) to certified firms. (1) A certificate of eligibility entitles the United States firm named on the certificate to apply prior to June 30, for one or more token quota vouchers to the amount of the quota specified on the certificate. Token quota vouchers serve the same purpose as token scrip issued in previous years by the Office of International Trade (now the Bureau of Foreign Commerce) under the token plan. The British Board of Trade will issue import licenses to British importers on the basis of these token quota vouchers.

As an alternative, BFC will consider requests from a certified firm for permission to utilize its quota, in accordance with provisions of this section and sections 361.5 and 361.6, to ship other closely related items on the approved list of token plan commodities (sec. 361.13), instead of those items which it shipped during the base period as specified on its certificate of eligibility. Since, as provided in section 361.5, token quota vouchers issued by the Bureau of Foreign Commerce must be used only to ship the items specified on the vouchers, applications to ship items not specified on the applicant's certificate of eligibility must be accompanied by a letter of explanation with complete details of the proposed transaction including the following information: Whether item is manufactured in own plant(s) or is purchased for resale; and to whom payment is to be made direct by the United Kingdom importer named on the voucher.

(2) Token quota vouchers will be issued (to the nearest \$5) by the Bureau of Foreign Commerce to firms which have received Certificates of Eligibility, providing that such firms have in their possession at the time they apply for the vouchers an accepted or-

¹ Filed as part of the original document. Copies may be obtained upon request from the British Token Import Plan Unit, British Commonwealth Division, Bureau of Foreign Commerce, Department of Commerce, Washington 25, D. C.

der(s) from their British customer(s) for the amount of quota for which application is made. "Accepted order" means a contract with a British buyer involving the sale and purchase of the certified firm's products. In the case of a certified manufacturer or his authorized agent the products involved must be those produced by the certified manufacturer and by no other person or firm. Accepted orders may be conditioned upon the issuance of a token quota voucher, or, a validated export license by the Department of Commerce (if such an export license is required for the commodity) or the issuance to the British importer of an import license by the British Board of Trade, or such other government document as may be required in connection with the transaction. Evidence of an accepted order must be in writing and consist of documents which set forth in definite terms the offer of the British buyer to buy and the United States seller's acceptance, or the acceptance by the British buyer of the United States seller's offer. Such documents may take the form of an original or photostatic copy of either the contract signed by both the United States seller and the British buyer, or of letters, telegrams, cables, or other documents resulting in a contract between the parties. Such evidence must be kept available for production and inspection upon demand by any duly authorized representative of the Department of Commerce, and must be retained by the applicant for 3 years from the date of receipt by the Department of the application for token quota vouchers covering the accepted orders. Where the export transaction does not involve a normal purchase and sale contract in the customary form or where for other stated reasons the term "accepted order" as used herein does not apply, the applicant must attach to its application a full description of the nature of the transaction.

(3) A separate application for a token quota voucher must be submitted for each British customer. An application may be submitted for the full amount of the accepted order or any part thereof. In addition, one application may list a number of accepted orders for items in the same commodity group placed by the same British customer. If applicant is certified in more than one commodity group, a separate application for a token quota voucher must be made for each such commodity group and for each customer.

(4) Applications for token quota vouchers must be made on FC Form 927,¹ "Application for token quota voucher (Form A.—Firms Certified on Basis of Prewar Exports)" and must be signed by one of the following persons: the individual owner; a partner; a corporate officer; or other designated responsible official. Such applications must be submitted in duplicate to the British Token Import Plan Unit, British Commonwealth Division, Bureau of Foreign Commerce, Department of Commerce, Washington, D. C. prior to June 30. In exceptional circumstances, the Bureau of Foreign Commerce will consider written requests from certified firms for a reasonable extension of the June 30th time limit on submission of Form FC 927,¹ "Application for Token Quota Voucher (Form A.—Firms Certified on Basis of Prewar Exports)." Such requests must be received by the British Token Import Plan Unit not later than June 15, and must contain a full and detailed explanation of the circumstances requiring the extension. The request, if granted, will apply only to that firm and for the current token plan year. The June 30 time limit on submission of token quota voucher applications, Form FC 927¹ may also be extended by the Bureau of Foreign Commerce with respect to any specific commodity group, where in its opinion such extension is warranted by the nature of the commodity or the general situation

as to trade in that commodity. If such a general extension is made, notice thereof will be published promptly in the Foreign Commerce Weekly.

(5) The application for a token quota voucher becomes the token quota voucher only after it has been stamped with the Bureau of Foreign Commerce validation stamp, and returned to the applicant by the Bureau of Foreign Commerce. Any application form not so stamped, is not valid and will not be honored by the British Board of Trade. A validated copy of the application will be returned to the applicant to be forwarded by it to the British importer who has placed the accepted order, for attachment to the latter's application for import license.

(b) To duly authorized agents: (1) A manufacturer who has been certified under the token plan and who has been issued a certificate of eligibility may authorize an agent to make application for and to receive token quota vouchers against the manufacturer's certificate of eligibility on the same basis as described in paragraph (a) of this section. "Authorized agent" means an export merchant, export commissioner, or any other person who has been authorized by the manufacturer to handle products produced by that manufacturer.

(2) Such a certified manufacturer must submit a single copy of Form FC 929¹ "Authorization of Agent To Act for Manufacturer" for each commodity group in which he elects to authorize an agent to act for him under the token plan. Such authorization will be considered valid for only one plan year unless sooner modified or revoked by the manufacturer. Such forms must be submitted by the certified manufacturer to the British Token Import Plan Unit, British Commonwealth Division, Bureau of Foreign Commerce, Washington 25, D. C.

(3) Certified firms, other than manufacturers, may not authorize an agent to make application for and to receive any token quota vouchers available to them.

Section 361.5. Use and transfer of token quota vouchers—(a) by certified manufacturers: Token quota vouchers are neither transferable nor negotiable. Vouchers are issued to a certified manufacturer or to his duly authorized agent on the basis of accepted orders from his British customer for products produced by that manufacturer. This means that token quota vouchers issued by the Bureau of Foreign Commerce to a manufacturer certified to participate in the British token import plan must be used only to ship to the United Kingdom those products specified on the voucher which are produced by that manufacturer and by no other person or firm.

(b) By authorized agents of certified manufacturers: Under the token plan an agent can only be authorized by a certified manufacturer to handle products produced by that manufacturer and by no other person or firm. This means that a token quota voucher issued to an agent must be used only to ship to the United Kingdom those products specified on the voucher which are produced by the certified manufacturer who has authorized him to act as his agent and not those produced by any other person or firm.

(c) By certified firms other than manufacturers: The Bureau of Foreign Commerce will certify as eligible to participate as principals in the token plan those firms other than manufacturers which have been able to demonstrate clearly that they and not the manufacturer whose products were shipped, de-

veloped an established export trade in an item on the commodity list (section 361.13) from the United States to the United Kingdom during the years 1936, 1937, and 1938. Such firms may use the token quota vouchers which have been issued to them, to ship to the United Kingdom products which may be purchased on the open market from any supplier in the United States, up to the amount specified on the voucher. However, token quota vouchers are neither transferable nor negotiable. This means that firms other than manufacturers, which have been issued vouchers, must use such vouchers themselves and must not permit any other person or firm to use such vouchers.

(d) Responsibility: Manufacturers, their authorized agents, and those firms other than manufacturers which have been issued token quota vouchers by the Bureau of Foreign Commerce under the token plan shall take every reasonable precaution to assure that those vouchers are used in conformity with the provisions and conditions of this part (British token import plan regulations); the terms of the token quota vouchers; and any other specific instructions issued by Bureau of Foreign Commerce relating thereto.

Sec. 361.6. Validity period of token quota vouchers: Token quota vouchers issued during any calendar year (whether before or after June 30) for which the British token import plan is operative will be valid through February of the following year. In no event will import licenses granted by the board of trade against token quota vouchers issued under any calendar year program be valid beyond March 31 of the following year. Accordingly, all shipments must be landed in the United Kingdom by that date.

Sec. 361.7. Procedure for distribution of quota balances not issued by June 30—(a) (1) Announcement of quota balances available for distribution: Announcements of the amount of quota balances available for issue in each specified commodity group after June 30 will be published in the Foreign Commerce Weekly starting with the issue published during the second week of July. Announcements will also be made in press releases which will be available to trade journals.

(2) "Quota balances" means the balance of quota in any specified commodity group not issued by the Bureau of Foreign Commerce in the form of Token Quota Vouchers under the conditions set forth in § 361.4 to firms certified on the basis of their prewar exports to the United Kingdom, as announced in the Foreign Commerce Weekly after June 30.

If circumstances permit, the unsubscribed for, unissued quota balances for any commodity group will be made available for the shipment of other closely related items shown on the approved list of Token Plan commodities (§ 361.13).

(b) Eligibility for participation. (1) In addition to firms certified on the basis of their prewar exports as provided in § 361.3, U. S. manufacturers of a commodity for which a quota balance is available (or their duly authorized agents), whether or not such manufacturers had an established prewar trade with the United Kingdom during 1936, 1937 and 1938 or had been issued Token Quota Vouchers in that commodity group prior to June 30, will be considered eligible to share in the distribution of that quota balance subject to the conditions set forth in this section. Firms other than manufacturers are eligible to share in the distribution of quota balances only if they have been certified on the basis of their prewar exports. (See definitions of "Manufacturer" in § 361.3 (a) and of "Authorized Agent" in § 361.4 (b).)

(2) Any quota balance so distributed during any one year of Token Plan operations is no way establishes a precedent or a claim

¹ Filed as part of the original document. Copies may be obtained upon request from the British Token Import Plan Unit, British Commonwealth Division, Bureau of Foreign Commerce, Department of Commerce, Washington 25, D. C.

to a quota for that applicant in any future Token Plan arrangements.

(c) Application for quota balance; Token Quota Vouchers:

(1) Time and manner. To share in the initial distribution of quota balances, application for Token Quota Vouchers may be made by the eligible firms described in paragraph (b) of this section. Such applications together with any supporting documents required by the Bureau of Foreign Commerce must be received in the British Token Import Plan unit not later than August 31; no applications will be considered after that date unless with respect to a specific commodity group, an announcement is published in the Foreign Commerce Weekly extending the time limit for that commodity group. Applications received after August 31 but not later than December 31 will be considered to the extent indicated in paragraph (d) (1) of this section. Applications must be made on Form FC 928.¹ "Application for a Token Quota Voucher (form B: Share in Distribution of Quota Balances)," and submitted in triplicate to the British Token Import Plan Unit, British Commonwealth Division, Bureau of Foreign Commerce, Department of Commerce, Washington 25, D. C. A separate "Application for a Token Quota Voucher," form FC 928,¹ must be submitted for each British customer in each commodity group. One application may list a number of accepted orders for items in the same commodity group placed by the same British customer. Applications must be signed by one of the following persons: The individual owner; a partner; or a corporate officer. At the time that they apply for Token Quota Vouchers, all applicants must have in their possession an accepted order(s) (as defined and described in § 361.4 (a)) from their British customer(s) for the amount of quota balance for which application is made. Evidence of such accepted orders must be kept available for production and inspection upon demand by any duly authorized representative of the Department of Commerce, and must be retained by the applicant for 3 years from the date of receipt by the Department of the application for Token Quota Vouchers covering the accepted orders. Where the export transaction does not involve a normal purchase and sale contract in the customary form or where for other stated reasons the term accepted order as used herein does not apply, the applicant must attach to its application a full description of the nature of the transaction.

(2) Evidence of agent's authority: If an application for a token quota voucher (form B: Share in distribution of quota balances), form FC 928 is made by an agent, evidence of the agent's authority must be submitted to the British token import plan unit as provided in section 361.4 (b).

(d) Apportionment of quota balances by Bureau of Foreign Commerce: (1) The balance of quota available for initial distribution in any specified commodity group after June 30 will be distributed, as provided in subparagraph (2) of this paragraph, among eligible applicants who have submitted, prior to September 1 (except where time limit is extended as provided in paragraph (c) (1) of this section), their "Application for a token quota voucher (form B.—Share in distribution of quota balances)," form FC-928. However, if any quota is still available after such initial distribution is made, consideration will also be given to applications received between September 1 and December

31, in the order of their receipt, insofar as practicable.

(2) In the initial distribution of the total quota balance in any specified commodity group consideration will be given to the amount of the accepted order supporting the application; the number of applicants who have applied of the quota balance available in that commodity group; the total amount applied for against that quota balance; the total amount of the available quota balance; the minimum amount of quota balance which applicant has stated that he is willing to accept; and, such other factors as may aid to assure, insofar as practicable, a fair and equitable distribution among all eligible applicants.

(e) Token quota voucher: (1) Upon determination by the Bureau of Foreign Commerce of the distribution which can be made of the quota balances, token quota vouchers will be issued against approved applications. The original copy of such approved applications becomes a token quota voucher, only after it has been stamped with the Bureau of Foreign Commerce validation stamp and returned to the applicant by the Bureau of Foreign Commerce. A duplicate copy of the voucher will be forwarded through the United States Embassy in London to the British Board of Trade and triplicate retained by the British Token Import Plan Unit.

(2) The provisions of section 361.5 with respect to the permissible use and transfer of token quota vouchers, and of section 361.6 with respect to their validity period are also applicable to token quota vouchers issued by the Bureau of Foreign Commerce under the procedure for distribution of quota balances set forth in this section.

Sec. 361.8. Additional information and reports—(a) Concerning changes in information submitted to the Bureau of Foreign Commerce: All information submitted in any request for certification, from FM 558¹ in any applications for token quota vouchers, form FC 927¹ or form FC 928,¹ or other information submitted in connection therewith, shall be deemed to be continuing representations of the existing facts and circumstances. Any material or substantive change in the information submitted, including the terms of the accepted orders or contracts whether the request or application has been granted or is still under consideration, shall be reported promptly to the British Token Import Plan Unit, British Commonwealth Division, Bureau of Foreign Commerce, Department of Commerce, Washington 25, D. C.

(b) Concerning requests and applications: Every person or firm which has filed a Request for Certification, Form FC 558,¹ or an application for a token quota voucher, Form FC 927¹ or Form FC 928¹ shall (in addition to the information called for in this part in connection therewith) furnish such information with respect to such request or application, including accepted orders, as may be required from time to time by the Bureau of Foreign Commerce.

(c) Concerning certificates of eligibility and token quota vouchers: Every person or firm to which a certificate of eligibility or a token quota voucher has been issued shall also furnish such other information as may be required from time to time by the Bureau of Foreign Commerce including a report as to the use of the token quota vouchers issued or to be issued to them and the submission of bills of lading, shipper's export declarations, and other related documents.

Sec. 361.9. Effect on United States export restrictions: The issuance of certificates of eligibility or token quota vouchers in no way affects United States export restrictions which may be applicable to commodities coming under the token plan. A validated export license must be obtained where required.

Sec. 361.10. How to obtain information: Announcements regarding the British token import plan will be published in the Foreign Commerce Weekly. Announcements also will be made in press releases which will be available to trade journals. Copies of announcements and copies of all forms needed in connection with the token plan may be obtained from the British token import plan unit, British Commonwealth Division, Bureau of Foreign Commerce, Department of Commerce, Washington 25, D. C., or from field offices of the Department of Commerce.

Sec. 361.11. Denial of token plan privileges. (a) Upon notice and opportunity to be heard, the privilege of participating, directly, or indirectly, under the British Token Import Plan of any manufacturer, agent, or any other person or firm may be modified, suspended, or revoked at any time by the Bureau of Foreign Commerce upon a determination that the public health, interest, or safety requires such action, or that the person or firm has willfully violated any provisions of this part (British Token Import Plan regulations), including the terms and conditions of token quota vouchers, or has willfully furnished false information or concealed any material fact in the course of operation under the regulations. Where appropriate, a temporary order may be issued without notice, pending the making of a final order.

(b) In the absence of such a determination, no modification, suspension, or revocation order will be made unless prior to the institution of such action facts or conduct warranting such action have been called to the attention of the person or firm involved, in writing, and such person or firm has been accorded opportunity to demonstrate or achieve compliance with all lawful requirements.

(c) Appeals from orders issued under this section may be taken to the Appeals Board, Department of Commerce, Washington 25, D. C.

Sec. 361.12. Inquiries on British Token Import Plan participants: (a) The Bureau of Foreign Commerce will consider requests from firms in the United States, such as resident buyers, interested in obtaining the names and addresses of firms which have been certified to participate in the British Token Import Plan on the basis of their prewar exports to the United Kingdom. Complete lists of such participants are generally not available until after June 30, which is the closing date for requesting such certification. The list which is made available will be comprised of those firms certified in the preceding Token Plan year plus any other participants certified in the current plan as of the date of the request.

(b) To receive consideration, such requests must be made in writing, addressed to the British Token Import Plan Unit, British Commonwealth Division, Bureau of Foreign Commerce, United States Department of Commerce, Washington, D. C., and must contain information showing the requisite legitimate interest, including the following items:

- (1) Name of the applicant.
- (2) Nature of his business.
- (3) Commodity in which he is interested.
- (4) Purpose for which the applicant requests a list of names and addresses of firms dealing in that commodity under the British Token Import Plan.

¹ Filed as part of the original document. Copies may be obtained upon request from the British Token Import Plan Unit, British Commonwealth Division, Bureau of Foreign Commerce, Department of Commerce, Washington 25, D. C.

¹ Filed as part of the original document. Copies may be obtained upon request from the British Token Import Plan Unit, British Commonwealth Division, Bureau of Foreign Commerce, Department of Commerce, Washington, D. C.

(c) Such lists, when made, available by the Bureau of Foreign Commerce, must not be published or circulated in any form.

(d) An application charge of \$5 will be made for each list (by commodity group). The charge should accompany the request and is not refundable. Check or money order payable to the Treasurer of the United States will be accepted.

Sec. 361.13. Commodities subject to the plan: The commodities listed below have been approved by the British Board of Trade as those to which the British Token Import Plan shall apply. The number preceding each commodity is the "commodity group number," which must be entered on all forms which require this information.

FOOD AND DRINK

- 156. Bottled fruits, processed for serving with ice cream.
- 85. Canned lobster.
- 75. Canned macaroni and spaghetti.
- 76. Canned pork and beans.
- 74. Canned soups.
- 84. Canned vegetables, including tomato juice, but excluding tomatoes and tomato-puree.
- 87. Cheese rennet.
- 118. Glace cherries.
- 1. Jelly power.
- 120. Marshmallow (cooking ingredient).
- 82. Mustard.
- 83. Olives preserved in salt or brine.
- 188. Onion and garlic salt.
- 219. Pectin, domestic pack.
- 157. Pickles.
- 185. Quick-frozen fruits.
- 119. Quick-frozen peas.
- 73. Rolled or flaked oats.
- 178. Sugar confectionery of all kinds, excluding cocoa preparations.
- 86. Vegetable butter coloring.
- 77. Whisky.

TOBACCO MANUFACTURES

- 186. Cigarettes.
- 187. Manufactured smoking tobacco and plug tobacco.

LEATHER PRODUCTS

- 151. Fancy leather good, excluding trunks, traveling bags, handbags, wallets, and pouches.
- 221. Leather footwear.
- 138. Leather gloves, including industrial gloves.

RUBBER MANUFACTURES

- 142. Elastic braid.
- 91. Household rubber gloves.
- 68. Rubber bands.
- 67. Rubber bathing caps.
- 47. Rubber belting, other than conveyor belting.
- 69. Rubber erasers.
- 152. Rubber garden hose.
- 15. Rubber heels and soles.
- 80. Rubber hot-water bottles.
- 94. Rubber soling slabs.
- 16. Surgeon's rubber gloves.
- 10. Waterproof rubber footwear of all types, including leather footwear with rubber soles.

COTTON FABRICS AND MANUFACTURES

- 168. Bed ticking.
- 141. Cotton boot and shoe and corset laces and braid.
- 143. Cotton ribbon and tapes; trimmings of cotton and cotton-rayon mixtures.
- 79. Embroidery and embroidered articles (other than apparel) of descriptions currently manufactured in the United Kingdom for the home market, or which the base fabric is wholly or mainly of cotton.
- 170. Finished cotton sewing thread.
- 167. Furnishing fabrics of cotton and cotton-rayon mixtures.
- 169. Quilts, counterpanes, and other bed coverings of cotton and cotton-rayon mixtures.
- 166. Woven cotton piece goods of all kinds.

WOOLEN FABRICS

- 147. Wool and mohair plushes and other wool pile fabrics.
- 146. Woollen damasks, tapestries, and brocades.
- 145. Woollen tissues.

SYNTHETIC FIBER MANUFACTURES

- 63. Artificial silk woven fabric of a width not exceeding 12 inches.
- 7. Woven fabric of a width exceeding 12 inches of artificial silk or of artificial silk mixed with other materials except silk. (Furnishing fabrics of cotton-rayon mixtures under group 167.)

LINEN MANUFACTURES

- 162. Damask table linen.
- 164. Finished linen thread.
- 163. Linen canvas not under 12 ounces per square yard.
- 161. Printed or dyed linen piece goods.

APPAREL

- 6. Artificial silk clothing, excluding hose. (Women's hose under group 179.)
- 64. Athletes' supporters.
- 108. Children's outer garments, knitted, netted, or crocheted, excluding hose. (Artificial silk clothing under group 6; cotton and woolen stockings under group 200.)
- 203. Corsets, girdles, and brassieres.
- 202. Garter and sanitary belts.
- 107. Men's and boys' outer garments of material other than artificial silk, excluding knitted, netted, or crocheted. (Artificial silk clothing under group 6; men's shirts under group 139.)
- 140. Men's felt hats, lined or unlined.
- 139. Men's shirts.
- 201. Men's socks.
- 106. Underwear of material other than artificial silk, excluding corsets, girdles, and brassieres. (Artificial silk clothing under group 6.)
- 92. Proofed clothing of all kinds (including blankets, baby pants, crib sheets, and neoprene-coated gloves).
- 200. Women's and children's cotton and woolen stockings.
- 199. Women's dresses other than of silk or artificial silk. (Women's dresses of artificial silk under group 6.)
- 5. Women's felt hats.
- 179. Women's full-fashioned stockings of silk and artificial silk.

WOOD MANUFACTURES

- 31. Domestic woodware (clothes pegs, etc.).
- 149. Furniture of bamboo, cane, wicker-work or similar material.
- 222. Manufactures of mulga wood.
- 158. Wood wool (excelsior).
- 62. Wooden mouldings for picture and mirror frames.
- 61. Wooden picture and mirror frames.
- 70. Wooden spring blind or shade rollers.

PAPER AND RELATED PRODUCTS

- 210. Adhesive labels.
- 112. Blotting paper.
- 117. Bristol boards.
- 116. Duplicating paper.
- 115. Greeting cards.
- 211. Indexing or filing cards.
- 65. Paper dress patterns, including incomplete tissue sheets.
- 208. Paper towels and napkins.
- 114. Printing paper of the following types: Book, text, cover, litho, offset.
- 209. Snapshot mounting corners.
- 113. Stationery paper in uncut form and writing paper in large sheets (bond ledger).
- 66. Wallpaper.
- 123. Yellow varnished paper for bottle-cap linings.

GLASS, CLAY, AND MANUFACTURES

- 148. Bottles other than ornamental, pharmaceutical, medicine, wine, and spirit bottles.
- 171. Colored sheet and plate window glass.
- 122. Glazed wall tiles.

154. Illuminating glassware of the following: Oil-lamp chimneys, hurricane-lamp glasses, globes, and shades.

4. Industrial porcelain insulators.

177. Mirrors conforming in shape and size to those in current use for utility furniture.

78. Table glassware as follows: Plain stemware, tumblers, tableware, and heatresisting glassware.

IRON AND STEEL MANUFACTURES

- 49. Axes and ax handles.
 - 197. Belt fasteners for conveyor belts and hand tools for conveyor-belt fasteners.
 - 56. Bolts and nuts of all kinds, other than precision bolts and nuts.
 - 99. Carpet sweepers and repair parts.
 - 23. Domestic cutlery (includes only knives, forks, and spoons).
 - 127. Domestic hand-operated meat mincers, coffee and spice mills.
 - 217. Furniture casters and parts thereof.
 - 20. Furniture of metal (other than domestic furniture).
 - 89. Gasoline and kerosene pressing irons.
 - 96. Hard haberdashery, such as eyelets and hooks for boots and shoes, hooks and eyes, safety and other pins, snap fasteners, studs, steel fasteners, etc. (excluding hair combs).
 - 218. Ladies' handbag and purse frames.
 - 21. Locks, padlocks, keys, and key blanks.
 - 124. Machine knives.
 - 55. Nails and staples of all kinds except for decorative purposes (including hobnails and boot and shoe studs and spikes).
 - 125. Paper machine wires.
 - 134. Pipe joints of iron and steel excluding malleable cast iron and nonmalleable cast iron.
 - 133. Pipe joints of nonmalleable cast iron.
 - 184. Precision screws and other precision turned parts of metal.
 - 57. Rivets of iron and steel.
 - 190. Safety razors.
 - 25. Slide fasteners.
 - 194. Spectacle frames other than of gold or gold filled.
 - 189. Stropping machines, razor grinders, and razor sharpeners, all hand operated.
 - 172. Weighing apparatus of less than 500 hundredweight capacity, and sold at a retail price not exceeding 50 pounds sterling.
 - 126. Woven wire cloth, gauze, fabric, or meshing.
- #### ALUMINUM AND MANUFACTURES
- 174. Aluminum and aluminum alloys in sheets, disks, wire, tubes, rods, angles, shapes, and sections.
 - 54. Aluminum cooking utensils.
 - 175. Aluminum kitchen utensils other than cooking utensils.
 - 173. Beer barrels, made of aluminum or aluminum alloys.
- #### ELECTRICAL MACHINERY, SUPPLIES, AND APPARATUS
- 2. Carbon electrodes.
 - 29. Dry batteries (high tension).
 - 28. Dry batteries (torch).
 - 104. Electrical equipment for cycles and motorcycles.
 - 130. Electric fans complete with motors for domestic use.
 - 132. Electric-light bulbs.
 - 103. Electric-light fixtures.
 - 102. Electric meters.
 - 153. Electric switches.
 - 101. Electric refrigerators and parts for domestic purposes.
 - 131. Electrically operated domestic washing machines, including domestic electric dishwashing machines. (An ironer or drier also may be shipped with each washing machine under this commodity group. Not more than one-third of the quota available for this group may be used for shipment of ironers or driers independently of washing machines.)
 - 195. Portable electric generators.
 - 27. Vacuum cleaners and parts.

INDUSTRIAL MACHINERY AND APPARATUS

- 129. Gear transmissions and gears.
- 24. Mechanical valves.
- 128. Pulley blocks.

AGRICULTURAL AND GARDEN MACHINERY AND EQUIPMENT

- 46. Beehives and frames, bee veils, bee smokers, and other beekeeper's accessories.
- 53. Hand cultivators for garden and farm use.
- 50. Forks for garden and farm use; fork handles.
- 51. Hoes for garden and farm use; hoe handles.
- 52. Rakes for garden and farm use; rake handles.
- 191. Hand seeders for garden and farm use.
- 17. Lawn mowers.
- 100. Milk churns, cans, pails, and strainers.

AUTOMOTIVE EQUIPMENT

- 19. Antiskid chains.
- 212. Automotive cables.
- 216. Chemical maintenance products for motorcars except oils and polishes (includes valve-grinding compounds; radiator leak stop, weather sealer, gasket cement, radiator flush, hydraulic-brake fluid, rubbing compound, mechanics' blue for marking valves, bearings, etc., and tar remover).
- 30. Spark plugs.
- 213. Windshield wipers and parts.

CHEMICALS AND RELATED PRODUCTS

- 204. Bone black.
- 136. Fuses and detonators.
- 206. Medicinal preparations packed ready for retail sale under proprietary or trade names (excluding veterinary medicinals).
- 110. Meta fuel (solidified mentholated spirits).
- 3. Paints and varnishes.
- 37. Petroleum-jelly preparations.
- 205. Porcelain enamel frit.
- 72. Powder for sporting cartridges.
- 155. Shampoos, nonliquid, in containers holding no more than 1 ounce.
- 182. Toilet preparations, including toothpaste and powder, but excluding perfumery and soap.

PHOTOGRAPHIC AND PROJECTION GOODS

- 105. Cinematographic cameras and projectors (for 16-mm. film or lens).
- 26. Film for photographers' use.
- 60. Photographic coated paper (not sensitized).
- 59. Photographic paper and cloth, unexposed, sensitized.
- 58. Photographers' plates.

OFFICE SUPPLIES

- 176. Carbon paper.
- 198. Filing boxes or filing trays (of wood or cardboard).
- 42. Fountain pens and parts.
- 215. Miscellaneous office supplies: telephone indexes, numbering machines, staplers and stapler refills, eyeletting machines and eyelets.
- 43. Propelling pencils and parts.
- 137. Typewriter ribbons.

SPORTING GOODS

- 41. Ice skates, roller skates, ice hockey equipment, and other sports equipment.
- 214. Loaded sporting cartridges, and loaded shotgun shells.
- 71. Sporting cartridges, primed empty.
- 135. Sporting guns, sporting rifles, and spare parts thereof.²

MISCELLANEOUS

- 196. Aquarium equipment (includes aquarium pumps).
- 193. Artificial teeth.

² Imported sporting guns and sporting rifles will be subject to the provisions of the British 1937 Firearms Act, except smooth-bore guns having a barrel not less than 20 inches in length.

- 183. Baskets and basketware.
 - 32. Brushes.
 - 44. Buttons of all kinds other than vegetable-ivory and dum buttons.
 - 18. Cooking and heating appliances and parts.
 - 192. Dental equipment and instruments.
 - 95. Goldsmiths' and silversmiths' wares.
 - 160. Granite pavement kerbs and setts.
 - 88. Ice-cream cabinets.
 - 33. Imitation jewelry (excluding jewelry findings, cigarette cases, cigarette lighters, hair ornaments, insignia, lipstick cases, match boxes, military ornaments, rhinestone buckles, Ronson repeaters, shoulder devices, and watch containers).
 - 144. Jute webbing.
 - 207. Laundry soap.
 - 45. Lighter flints.
 - 90. Manufactured abrasive cloths, papers, and disks.
 - 97. Musical boxes.
 - 22. Oil lamps and lanterns for illumination.
 - 98. Outboard motors.
 - 8. Papermakers' felts.
 - 220. Pocket watches, except watches in cases made of gold or other precious metals.
 - 165. Saddlers' thread.
 - 150. Sun goggles and sun glasses.
 - 40. Toilet requisites (includes only powder bowls or boxes, powder puffs, nail polishes, nail clippers, nail files, denture bowls, manicure sets, compacts, vanity cases, and pancake cases).
 - 9. Toys, dolls, and parts, of all kinds except those made of hemp.
 - 93. Varnished cambric insulating material.
- LOWEST VALUATION MADE BY UNITED STATES ON IMPORTS

Mr. MALONE. Mr. President, one of the greatest hoaxes perpetrated on the American people, our taxpayers, and our wage earners, in the matter of foreign trade is the valuation of imports from foreign countries.

Both our trade acts and the data prepared in departments of our Government seek to minimize the value of our imports.

Duties based on the value of imported merchandise are collected on the lowest possible basis at which they can be assessed, which is the presumed value in the country of origin.

This, of course, means that we collect the lowest possible duty we can on dutiable products and with the duty rates that remain after the State Department has whittled them down nearly 75 percent in the past 24 years.

IMF SETS UNITED STATES IMPORT FIGURE AT
\$14,174,000,000

There was a bill before Congress 2 or 3 years ago called the customs simplification bill, which the Senator from Nevada denounced on the Senate floor as nothing more or less than simply lowering tariffs on imports. That was the simplification; and this proposal is part of that plan. It all comes out in the wash.

It also means that a distorted picture is presented to our taxpayers and wage earners of the true impact of imports on the American economy. Here is what happens:

The Department of Commerce reports that the total value of foreign goods imported into the United States in 1957 was \$12,920,984,394, or, in round numbers, \$12,921,000,000.

The International Monetary Fund reports that the total value of foreign goods

imported into the United States in 1957 was \$14,174,000,000.

That is a difference of \$1,253,000,000, a sizable amount.

WORLD'S LEADING FOREIGN NATIONS VALUE IMPORTS ON HIGHER BASIS THAN UNITED STATES

The definition of value used by the International Monetary Fund is the definition used by all the leading trading nations of the world except the United States and Canada.

The definition used by the Department of Commerce is one that Congress fixed before the Trade Agreements Act was enacted and Congress turned the adjustment of duty rates over to the State Department.

Imports are valued by the United States on an f. o. b. basis, that is, the value of freight on board in a foreign port.

Imports are valued by 99 other nations and trading areas on a c. i. f. basis—c. i. f. means cost, insurance, freight.

That is the true and honest value of an imported article because that is the value passed on to the American consumer, plus the importer's profit, when he buys the imported product. It is the value at which the foreign product hits the American market.

VALUE AT TIME IMPORT REACHES COUNTRY USED BY 99 NATIONS

But that is not how our executive branch values imports.

Freight and insurance are eliminated so that customs collectors for duty collection purposes use the foreign value while it still is in a foreign country.

Ninety-nine countries use the value at which the imported product reaches the importing country, and fix their ad valorem duties accordingly.

Here are the countries that accept whatever foreign value the foreign country puts on it, and thus minimize the total value of imports: the United States, Canada, Cuba, Dominican Republic, Panama, Paraguay, Philippines, Australia, New Zealand, Rhodesia, Union of South Africa.

UNITED STATES GREATEST IMPORTING NATION IN THE WORLD

Mr. President, the International Monetary Fund, which was the creation of a former administration, in its 284-page publication, "International Financial Statistics," lists the imports in recent years of 110 countries and dependencies, outside the Iron Curtain.

United States imports last year, and for every year since 1937 reported, have been greater than those in any country in the world.

Last year's imports of \$14,174,000,000 were 13 percent of the world's total. They exceeded the imports of France and Germany put together, and those of the United Kingdom and all her overseas territories, not including the Commonwealths. They exceeded all of Britain's Commonwealths excluding Canada.

Under our free-import policy of the past 24 years, Mr. President, we have become the greatest importing nation in the world.

IMPORTS OF WORLD'S TRADING NATIONS
TABULATED BY MONETARY FUND

Mr. President, I ask unanimous consent to have printed in the RECORD at this

point a table showing imports (c. i. f.), quarterly data expressed as annual rates.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Imports (c. i. f.)

[In millions of U. S. dollars]

	1937	1950	1951	1952	1953	1954	1955	1956	1957	Quarterly data expressed as annual rates					1958, 1st
										1956, 4th	1957				
											1st	2d	3d	4th	
Sterling area.....	8,842	16,290	23,781	22,009	20,062	20,699	23,533	24,308	25,980	24,502	26,005	26,538	26,000	25,615	
United Kingdom.....	5,082	7,305	10,934	9,738	9,361	9,447	10,867	10,881	11,412	10,928	11,862	11,739	11,240	11,050	10,462
UK OT's.....	1,075	2,746	3,875	3,628	3,393	3,374	3,972	4,359		4,452	4,691	4,665	4,655		
Barbados.....	11	23	30	32	27	28	32	36	40	40	34	40	39	47	
British Guiana.....	12	33	39	48	42	47	55	58	69	62	61	72	70	73	
Jamaica.....	30	63	86	102	99	105	128	163	186	180	166	182	181	215	
Trinidad.....	37	98	128	142	138	146	172	176	208	197	187	215	210	219	229
Malta.....	20	47	55	57	58	57	59	74		94	79	72	71		
Aden.....	30	117	141	158	171	187	210	200	201	175	152	215	237	200	
Cyprus.....	11	38	54	57	59	66	85	109	126	118	129	123	122	124	110
Brunei.....	2	18	15	23	40	33	34	37		41	42	35	34		
Hong Kong.....	278	665	856	663	678	601	651	799	901	810	976	913	843	873	787
Malaya.....	388	952	1,554	1,265	1,058	1,026	1,249	1,357	1,431	1,360	1,508	1,400	1,505	1,312	
North Borneo.....	4	15	23	23	23	24	29	38		42	40	38	38		
Sarawak.....	13	95	125	125	129	130	144	151		150	143	143	158		
Fiji.....	8	18	24	30	27	29	40	46	38	47	38	37	35	43	
Kenya ¹	49	95	151	166	145	169	200	237	241	228	246	274	225	217	49
Uganda ¹		43	62	68	72	71	95	45	48	43	51	48	42		
Mauritius.....	13	37	43	48	53	45	53	48	54	50	52	54	56	56	
Nigeria.....	86	173	237	317	303	319	381	428	424	456	394	384	420	497	
Sierra Leone.....	9	19	23	29	31	37	48	65	79	67	78	83	75	81	
Tanganyika ¹	19	67	79	105	80	89	122	92	97	77	85	107	94	100	
Other.....	55	130	150	170	160	165	185	200	220	215	225	220	200	240	
Other sterling.....	2,685	6,239	8,972	8,643	7,308	7,878	8,694	9,068	9,900	9,122	9,452	10,134	10,105	9,910	
Australia.....	526	1,622	2,422	1,979	1,471	1,869	2,160	1,964	1,932	1,763	1,799	1,940	1,981	2,006	2,023
Burma.....	91	111	137	192	178	204	181	198	297	230	250	308	321	309	
Ceylon.....	90	245	327	358	338	293	307	342	379	382	388	394	398	339	367
Ghana.....	61	134	177	187	207	199	246	249	272	274	273	283	257	279	
Iceland.....	12	38	57	56	68	69	78	90	83	134	51	99	74	109	65
India.....	671	1,165	1,793	1,696	1,208	1,297	1,413	1,711	2,023	1,764	1,979	2,196	2,083	1,833	
Pakistan.....		403	549	630	350	334	290	417	439	587	463	441	403	448	
Iraq.....	48	105	143	173	192	204	273	321	344	334	332	355	339	350	
Ireland.....	219	446	573	482	511	504	582	512	517	477	532	502	466	541	
Jordan.....	5	30	44	49	52	56	76	78		70	79	87	87		
Libya.....	31	20	28	32	31	32	40	46		54	69				
New Zealand.....	253	455	596	773	538	688	802	752	830	740	737	804	919	861	
Rhodesia-Nyasaland.....	22	84	111	134	163										
	4	21	20	25	21	393	435	499	557	507	498	545	597	586	
Union of South Africa.....	45	184	269	277	244	70									
	18	41	56	62	76										
	559	945	1,445	1,288	1,310	1,366	1,481	1,524	1,696	1,436	1,632	1,695	1,731	1,734	1,927
Other ¹⁰	35	190	225	250	350	300	330	365	445	370	370	485	450	425	
Rest of world.....	2,209	4,051	6,089	6,240	6,428	6,273	6,870	7,988	9,360	8,091	8,978	10,443	9,494	8,550	
China, Taiwan.....		120	145	187	192	211	201	194	212	209	179	201	226	243	
Egypt.....	194	576	669	630	510	463	525	534	524	355	494	507	486	610	629
Ethiopia.....		27	40	43	53	61	68	63		51	61	78			
Indonesia.....	283	440	873	948	765	629	631	856	787	742	782	925	754	689	
Iran.....	84	262	211	124	156	230	295	335	375	370	360	345	380	410	
Israel.....	79	299	380	321	281	287	325	364	407	356	417	386	415	398	403
Japan.....	1,138	974	1,995	2,028	2,410	2,399	2,471	3,230	4,284	3,620	4,261	5,114	4,284	3,476	3,210
Korea.....				347	241	326	369	432	353	290	606	513	320		
Lebanon.....			133	138	144	174	218	237	252	253	208	250	243	305	
Syria.....	41	211	133	138	131	174	179	187	171	170	134	178	182	191	
Liberia.....	2	11	17	18	19	23	26	27		28	36				
Philippines.....	125	384	550	484	534	545	641	597	727	630	666	788	747	705	
Saudi Arabia.....	15	115	175	265	220	180	265	270		245	310	225			
Sudan.....	31	78	121	177	146	139	140	130		181	123	141	224	187	
Thailand.....	49	209	272	304	330	312	334	365	404	366	414	409	400	392	
Other.....	145	345	375	435	190	205	225								

¹ See Country Notes regarding comparability of data.

² It will be noted that the excess of imports (cif) over exports (fob) as reported here fell in 1953 and 1954. The explanation is not known.

³ Partly estimated, or based on 2 months' data.

⁴ Year ending September.

⁵ Includes Ruanda-Urundi.

⁶ Year ending June.

⁷ The sterling area totals shown here differ from those published by the UK Board of Trade principally because those published here include the value of petroleum exports of Iraq and the British protected states in the Persian Gulf area (estimated, where not published, from reported quantities of petroleum exports), and estimates

of imports of the Persian Gulf States based on export data of partner countries. Under imports, another appreciable part of the difference arises from the inclusion here of estimates of freight and insurance for countries reporting fob.

⁸ Beginning 1949, exclusive of trade with other British East African territories. Through 1955, imports are general imports plus or minus British East African intra-territorial transfers. Beginning 1956, imports are exclusive of any intra-territorial transfers of goods from outside East Africa.

⁹ Year beginning April.

¹⁰ Year beginning June 21.

¹¹ Includes estimate for imports of Kuwait; exports are shown separately.

Imports (c. i. f.)—Continued

[In millions of U. S. dollars]

	Percent distribution of—											
	Exports						Imports					
	1937	1953	1954	1955	1956	1957 through	1937	1953	1954	1955	1956	1957 through
The world:												
United States and Canada.....	16	20	18	19	19	-----	17	23	22	23	24	-----
Latin America.....	6	8	9	8	8	-----	9	11	10	10	10	-----
Continental EPU.....	29	26	29	30	30	-----	25	26	27	28	28	-----
Continental EPU OTs.....	3	5	5	5	4	-----	4	4	4	4	4	-----
Sterling area.....	30	23	24	24	23	-----	26	25	24	24	23	-----
United Kingdom.....	17	11	11	11	10	-----	11	10	10	10	9	-----
Rest of world.....	17	12	12	13	13	-----	19	11	11	12	12	-----
Undistributed ¹	-----	6	4	2	3	-----	-----	-----	-----	-----	-----	-----
Petroleum.....	3.47	4.80	5.35	5.65	-----	-----	-----	-----	-----	-----	-----	-----
Coffee.....	1.21	2.93	2.97	2.43	-----	-----	-----	-----	-----	-----	-----	-----
Wheat.....	2.20	2.39	1.76	1.66	-----	-----	-----	-----	-----	-----	-----	-----
Wool.....	1.84	2.33	1.89	1.73	-----	-----	-----	-----	-----	-----	-----	-----
Cotton.....	3.16	2.24	2.53	1.80	-----	-----	-----	-----	-----	-----	-----	-----
Pulp and paper.....	1.84	2.14	2.29	2.28	-----	-----	-----	-----	-----	-----	-----	-----
Timber, lumber.....	1.29	1.59	1.70	1.83	-----	-----	-----	-----	-----	-----	-----	-----
Sugar.....	1.35	1.45	1.24	1.29	-----	-----	-----	-----	-----	-----	-----	-----
Coal.....	1.99	1.14	1.11	1.03	-----	-----	-----	-----	-----	-----	-----	-----
Copper.....	1.24	1.08	1.06	1.25	-----	-----	-----	-----	-----	-----	-----	-----
Rubber.....	1.84	1.04	.98	1.50	-----	-----	-----	-----	-----	-----	-----	-----
Rice.....	1.01	.92	.72	.62	-----	-----	-----	-----	-----	-----	-----	-----
Tobacco.....	1.09	.86	.81	.83	-----	-----	-----	-----	-----	-----	-----	-----
Cocoa.....	.41	.61	.88	.60	-----	-----	-----	-----	-----	-----	-----	-----
Tea.....	.78	.58	.74	.65	-----	-----	-----	-----	-----	-----	-----	-----
Jute, bagging.....	.70	.54	.54	.54	-----	-----	-----	-----	-----	-----	-----	-----
Butter.....	.91	.54	.50	.48	-----	-----	-----	-----	-----	-----	-----	-----
Fish.....	.43	.52	.54	.51	-----	-----	-----	-----	-----	-----	-----	-----
Tin.....	.74	.48	.41	.39	-----	-----	-----	-----	-----	-----	-----	-----
Iron ore.....	.38	.48	.44	.55	-----	-----	-----	-----	-----	-----	-----	-----
Bananas.....	.41	.44	.41	.36	-----	-----	-----	-----	-----	-----	-----	-----
Corn.....	.83	.41	.35	.23	-----	-----	-----	-----	-----	-----	-----	-----
Coconuts and products.....	.46	.39	.37	.30	-----	-----	-----	-----	-----	-----	-----	-----
Hides and skins.....	.62	.39	.38	.32	-----	-----	-----	-----	-----	-----	-----	-----
Barley.....	.10	.35	.27	.19	-----	-----	-----	-----	-----	-----	-----	-----
Lead.....	.36	.28	.27	.23	-----	-----	-----	-----	-----	-----	-----	-----
Wine.....	.60	.27	.30	.31	-----	-----	-----	-----	-----	-----	-----	-----
Citrus fruits.....	.30	.25	.25	.26	-----	-----	-----	-----	-----	-----	-----	-----
Bacon.....	.37	.23	.21	.22	-----	-----	-----	-----	-----	-----	-----	-----
Zinc.....	.21	.17	.16	.15	-----	-----	-----	-----	-----	-----	-----	-----
Total ²	32.15	31.82	31.44	30.15	-----	-----	-----	-----	-----	-----	-----	-----
United States and Canada:												
United States and Canada.....	22	28	27	29	29	-----	23	37	38	38	39	-----
Latin America.....	14	16	18	17	16	-----	18	25	25	23	22	-----
Continental EPU.....	17	12	14	16	18	-----	14	12	11	11	12	-----
Continental EPU OTs.....	2	2	2	1	2	-----	1	3	3	3	3	-----
Sterling area.....	30	12	13	15	14	-----	24	15	15	15	15	-----
United Kingdom.....	21	6	7	9	7	-----	9	7	6	6	7	-----
Rest of world.....	15	11	11	12	12	-----	19	9	9	10	9	-----
United States military aid, etc.....	-----	21	15	10	10	-----	-----	-----	-----	-----	-----	-----
Wheat.....	5	9	6	5	6	-----	-----	-----	-----	-----	-----	-----
Cotton.....	8	5	3	2	3	-----	-----	-----	-----	-----	-----	-----
Newsprint and pulp.....	4	5	4	-----	2	-----	-----	-----	-----	-----	-----	-----
Petroleum.....	9	4	3	3	4	-----	-----	-----	-----	-----	-----	-----
Wood and lumber.....	3	3	2	-----	2	-----	-----	-----	-----	-----	-----	-----
United States:						4th quarter						4th quarter
Canada.....	15	19	18	21	21	19	13	23	23	23	23	22
Latin America.....	17	19	21	20	19	21	22	32	32	29	29	29
Continental EPU.....	21	13	16	18	20	20	17	15	14	14	16	17
Continental EPU OTs.....	2	2	2	2	2	2	2	4	4	4	4	4
Sterling area.....	23	10	11	13	12	13	24	16	15	16	16	16
United Kingdom.....	16	4	5	6	5	5	17	5	5	5	6	6
Rest of world.....	22	12	13	14	14	15	22	12	12	13	13	12
Military aid, etc.....	-----	26	19	12	13	11	-----	-----	-----	-----	-----	-----
Wheat.....	2	4	3	3	4	-----	-----	-----	-----	-----	-----	-----
Cotton.....	11	3	5	3	4	-----	-----	-----	-----	-----	-----	-----
Petroleum.....	11	4	4	4	4	-----	-----	-----	-----	-----	-----	-----
Canada:						4th quarter						4th quarter
United States.....	43	59	60	60	60	60	61	74	73	73	73	71
Latin America.....	2	5	5	4	4	5	3	7	7	7	6	7
Continental EPU.....	6	9	9	8	9	11	5	4	4	4	5	5
Sterling area.....	45	22	22	24	22	20	29	14	14	13	12	14
United Kingdom.....	36	16	17	18	17	15	18	10	10	9	8	9
Rest of world.....	4	5	4	4	5	5	2	2	3	3	3	3
Wheat.....	15	15	11	9	12	9	-----	-----	-----	-----	-----	-----
Newsprint.....	12	14	15	15	14	14	-----	-----	-----	-----	-----	-----
Wood and lumber.....	8	9	11	12	10	9	-----	-----	-----	-----	-----	-----
Woodpulp.....	4	6	7	7	6	6	-----	-----	-----	-----	-----	-----
Latin America: ³												
United States and Canada.....	30	49	45	46	47	-----	36	53	51	49	52	-----
Latin America.....	8	10	9	9	8	-----	8	13	11	12	10	-----
Continental EPU.....	30	17	20	18	20	-----	34	20	22	22	21	-----
Continental EPU and OTs.....	8	8	9	10	9	-----	2	3	3	3	3	-----
Sterling area.....	19	10	9	9	10	-----	15	8	7	7	7	-----
United Kingdom.....	19	8	8	7	8	-----	13	5	5	5	5	-----
Rest of world.....	6	5	8	8	7	-----	5	3	6	8	7	-----
Coffee.....	11	25	26	-----	-----	-----	-----	-----	-----	-----	-----	-----
Petroleum.....	13	21	20	-----	-----	-----	-----	-----	-----	-----	-----	-----
Sugar.....	7	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Wool.....	4	3	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Cotton.....	4	4	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

¹ United States military aid and other United States exports not distributed by country are the largest part.² Total of commodities listed.³ 1937 area distribution refers to 1933.

Imports (c. i. f.)—Continued

[In millions of U. S. dollars]

	Percent distribution of—											
	Exports						Imports					
	1937	1953	1954	1955	1956	1957 through	1937	1953	1954	1955	1956	1957 through
Argentina:						2d quarter						2d quarter
United States and Canada.....	16	16	12	13	12	12	18	15	16	14	21	27
Latin America.....	8	21	17	19	11	11	9	26	24	21	19	20
Continental EPU.....	42	29	35	25	37	35	37	27	25	23	26	22
Continental EPU OTs.....							2	6	4	4	6	3
Sterling area.....	30	24	20	22	22	25	26	21	17	14	10	14
United Kingdom.....	29	21	19	22	21	25	21	6	8	7	5	7
Rest of world.....	4	10	17	21	17	16	9	5	14	24	18	13
Wheat.....	21	17		27	17	17						
Wool.....	7	16	12	13	13	17						
Beef.....	10	13		17	21	19						
Hides.....	6	6	6	6	7	6						
Corn.....	26	5		3	7	3						
Quebracho.....	2	5		3	3	2						
Oitake.....		4		1	3	2						
Linseed oil.....		2		3	2	2						
Bolivia:						3d quarter						3d quarter
United States and Canada.....	7	55	59	60	55	38	29	40	43	43	47	
Latin America.....	3	3	2	1	2	2	31	35	29	23	25	
Continental EPU.....	30		3	4	2	4	24	15	17	25	21	
Sterling area.....	60	41	36	33	40	57	8	8	7	8	6	
United Kingdom.....	60	41	36	33	40	57	8	7	7	8	6	
Rest of world.....				3			8	2	3	3	1	
Tin.....	64	64	65	58	59	63						
Tungsten.....	4	12	15	16	14	9						
Lead.....	6	6	6	6	8	10						
Zinc.....	4	5	5	6	5	7						
Silver.....	11	5	5	5	7	5						
Brazil:						3d quarter						3d quarter
United States and Canada.....	37	50	38	43	51	47	25	31	36	25	30	38
Latin America.....	7	7	9	10	7	11	16	23	14	22	19	16
Continental EPU.....	37	30	35	28	26	23	39	30	30	30	23	26
Continental EPU OTs.....	1	1				1	3	8	8	6	5	4
Sterling area.....	10	6	6	6	5	6	14	5	2	4	7	7
United Kingdom.....	9	5	5	4	4	5	12	4	1	1	3	3
Rest of world.....	8	6	11	13	11	12	3	3	10	13	15	10
Coffee.....	43	71	61	59	70	61						
Cotton.....	19	7	14	9	6	4						
Cacao.....	5	5	9	6	6	3						
Chile:						2d quarter						2d quarter
United States and Canada.....	23	64	46	43	45	43	30	55	42	44	47	53
Latin America.....	4	18	15	13	9	7	16	20	31	24	18	15
Continental EPU.....	29	11	20	25	25	32	35	14	18	21	23	22
Sterling area.....	20	4	14	18	17	16	12	7	5	6	6	6
United Kingdom.....	20	4	14	17	17	16	11	6	5	6	5	6
Rest of world.....	24	4	5	2	4	3	7	4	4	4	6	3
Copper.....	56	60	60	68	72							
Nitrates.....	19	13	17	12	9							
Colombia:						3d quarter						3d quarter
United States and Canada.....	63	83	81	75	74	72	49	63	65	66	65	63
Latin America.....	1	1	1	1	1	1	3	5	3	4	3	4
Continental EPU.....	22	10	11	15	15	15	25	22	22	22	24	23
Continental EPU OTs.....	12	6	5	4	5	6	1	4	3	2	2	3
Sterling area.....		1	1	2	2	3	19	5	5	5	4	4
United Kingdom.....				1	1	2	17	4	5	4	4	4
Rest of world.....	2	1	1	2	2	2	3	2	2	2	3	2
Coffee.....	63	83	84	84	79	74						
Petroleum.....	23	13	12	11	12	14						
Costa Rica:						3d quarter						3d quarter
United States and Canada.....	44	75	68	59	53	57	42	63	61	63	57	59
Latin America.....	3	5	5	5	5	5	6	4	4	4	7	5
Continental EPU.....	29	19	25	34	40	37	31	18	19	19	21	22
Continental EPU OTs.....								4	5	3	4	5
Sterling area.....	20	1		1	1		9	8	8	7	7	5
United Kingdom.....	20			1	1		8	8	7	7	6	5
Rest of world.....	4						12	3	3	3	3	4
Bananas.....	54	45	42	41	38	37						
Coffee.....	36	42	41	46	50	52						
Cacao.....	8	5	10	7	4	4						

Imports (c. i. f.)

[In millions of U. S. dollars]

	1937	1950	1951	1952	1953	1954	1955	1956	1957	Quarterly data expressed as annual rates					
										1956, 4th	1957				1958, 1st
											1st	2d	3d	4th	
World total.....	27,270	59,331	81,390	80,186	176,563	179,596	88,968	98,122	107,010	102,535	106,405	110,043	105,608	106,185	-----
United States.....	3,573	9,601	11,882	11,662	11,792	11,047	12,369	13,751	14,174	13,806	14,100	13,953	13,976	14,667	² 13,516
Canada.....	939	3,202	4,194	4,480	4,824	4,551	5,156	6,270	6,346	6,556	6,137	6,992	6,341	5,915	² 5,057
Latin America.....	1,717	5,630	7,831	7,683	6,541	7,411	7,550	7,940	9,130	8,538	8,220	9,057	9,339	9,930	-----
Argentina.....	493	1,187	1,480	1,179	795	979	1,173	1,128	1,310	1,137	1,222	1,334	1,315	1,370	-----
Bolivia.....	24	64	99	107	78	73	81	84	-----	² 106	² 95	² 84	² 74	-----	-----
Brazil.....	335	1,098	2,011	2,010	1,319	1,630	1,306	1,234	1,489	1,479	1,292	1,520	1,603	1,536	-----
Chile.....	89	247	328	370	335	343	376	354	² 441	353	426	422	450	² 465	-----
Colombia.....	96	365	419	415	547	672	669	667	477	533	366	393	556	592	-----
Costa Rica.....	12	46	56	68	74	80	87	91	103	100	87	110	104	110	-----
Cuba.....	146	608	754	745	591	599	633	714	721	853	732	720	659	772	-----
Dominican Republic.....	13	50	86	111	99	94	114	126	139	140	130	130	127	168	-----
Ecuador.....	14	49	62	70	75	120	112	103	-----	93	97	103	112	-----	-----
El Salvador.....	10	48	63	69	72	87	92	105	-----	114	120	115	113	-----	-----
Guatemala.....	21	71	81	76	80	86	104	138	149	133	152	152	157	135	-----
Haiti.....	9	38	44	53	44	48	46	50	-----	53	46	35	² 32	-----	-----
Honduras.....	12	39	53	66	62	59	62	67	-----	78	75	81	-----	-----	-----
Mexico.....	175	556	822	807	807	800	885	1,072	1,155	1,131	1,082	1,198	1,184	1,157	-----
Nicaragua.....	7	29	35	47	51	68	70	69	81	64	66	75	103	81	-----
Panama.....	24	70	76	84	82	83	88	98	116	104	105	114	107	139	² 93
Paraguay.....	10	² 22	² 29	² 36	28	37	34	28	32	24	24	35	40	29	-----
Peru.....	59	176	262	288	293	250	300	361	400	400	348	454	394	405	² 361
Uruguay.....	66	200	310	237	193	274	226	206	226	218	234	240	225	207	-----
Venezuela.....	102	667	761	845	916	1,029	1,092	1,249	² 1,877	1,420	1,520	1,742	1,914	² 2,333	-----
Europe.....	9,183	17,621	23,614	23,630	22,816	25,310	29,027	33,247	36,829	36,078	37,759	37,736	35,387	36,399	-----
Austria.....	269	477	653	652	546	653	887	974	1,128	1,066	1,144	1,073	1,112	1,184	² 1,037
Belgium-Luxembourg.....	928	1,942	2,535	2,444	2,413	2,535	2,830	3,272	3,432	3,612	3,559	3,473	3,271	3,399	² 3,062
Denmark.....	869	853	1,013	962	1,000	1,170	1,178	1,311	1,359	1,455	1,508	1,289	1,249	1,391	² 1,369
Finland.....	199	388	676	792	530	656	769	885	900	967	944	882	864	909	² 728
France.....	1,689	3,030	4,457	4,326	3,942	4,221	4,739	5,553	6,170	5,940	6,771	6,736	5,721	5,450	² 5,861
Germany.....	2,196	2,697	3,491	3,814	3,771	4,571	5,793	6,617	7,499	7,316	7,262	7,254	7,493	7,988	² 7,261
Greece.....	140	428	398	346	296	330	382	464	525	550	416	588	563	532	-----
Italy.....	784	1,488	2,167	2,336	2,420	2,439	2,711	3,169	3,627	3,337	3,693	3,763	3,392	3,661	-----
Netherlands.....	883	2,056	2,553	2,224	2,376	2,858	3,208	3,725	4,105	3,946	4,336	4,173	4,025	3,886	² 3,215
Norway.....	820	679	878	874	912	1,019	1,090	1,211	1,274	1,261	1,338	1,346	1,179	1,234	² 1,225
Portugal.....	106	274	330	347	332	351	398	443	501	526	476	528	465	534	-----
Spain.....	-----	890	384	518	596	614	617	767	862	820	867	1,000	718	864	-----
Sweden.....	541	1,182	1,776	1,730	1,579	1,776	1,997	2,209	2,424	2,469	2,506	2,438	2,314	2,426	² 2,526
Switzerland.....	414	1,056	1,375	1,208	1,176	1,300	1,489	1,766	1,964	1,996	2,038	2,010	1,921	1,890	² 1,706
Turkey.....	91	311	407	556	532	478	498	407	397	346	362	393	405	428	² 304
Yugoslavia.....	119	236	384	373	395	339	441	474	662	471	539	790	695	623	-----
Related areas.....	807	2,936	3,999	4,482	4,100	4,305	4,463	4,618	-----	4,964	5,206	5,324	5,071	-----	-----
Belgian Congo ¹	41	193	310	404	363	371	379	413	436	412	424	444	416	432	-----
Algeria.....	163	434	581	638	578	621	697	778	1,066	958	1,090	1,070	970	1,134	² 977
French Cameroons.....	10	60	94	107	80	93	104	95	100	100	98	114	100	88	-----
French Equatorial Africa.....	10	77	104	115	85	95	105	117	144	112	130	151	164	131	-----
French West Africa.....	61	241	350	350	316	380	384	381	² 409	396	413	454	400	² 372	-----
Guadeloupe.....	-----	21	26	36	34	36	37	36	-----	40	48	52	47	-----	-----
Cambodia.....	-----	-----	-----	-----	-----	-----	50	57	58	55	36	52	69	76	-----
Laos.....	64	210	304	450	396	351	19	35	-----	39	34	39	-----	-----	-----
Viet-Nam.....	-----	-----	-----	-----	-----	-----	263	218	289	243	246	290	320	298	-----
Madagascar.....	19	85	131	134	129	137	122	132	145	128	125	162	165	128	-----
Martinique.....	9	21	31	38	35	36	30	37	-----	47	27	41	73	-----	-----
Morocco.....	70	329	456	516	489	480	496	459	411	464	474	422	371	374	-----
Reunion.....	8	26	33	39	37	37	41	40	50	45	43	55	57	45	-----
Tunisia.....	53	147	182	185	172	169	181	194	-----	217	199	186	156	-----	-----
Angola.....	10	58	76	91	85	96	93	110	-----	157	93	110	125	-----	-----
Mozambique.....	19	58	71	76	83	89	95	95	² 104	94	90	94	116	² 116	-----
Netherlands Antilles.....	193	710	906	953	869	966	996	1,062	² 1,160	1,093	1,298	1,199	1,116	² 1,058	-----
Surinam.....	4	21	24	30	29	28	27	33	39	34	33	39	44	40	-----
Other.....	65	245	320	320	320	320	335	320	-----	330	335	350	-----	-----	-----

Exports (f. o. b.)

Sterling area ⁶	6,603	15,635	20,055	18,620	18,450	18,890	20,503	21,787	22,635	22,613	23,284	22,856	21,759	22,625	-----
United Kingdom.....	2,949	6,325	7,585	7,640	7,525	7,770	8,468	9,290	9,684	9,847	9,801	9,873	9,261	9,804	9,653
United Kingdom overseas territories.....	1,150	3,130	4,293	3,399	3,004	3,106	3,547	3,811	-----	3,845	3,899	3,938	3,938	-----	-----
Barbados.....	8	16	21	23	24	24	23	21	29	12	16	49	40	11	-----
British Guiana.....	13	29	34	47	48	49	53	55	63	74	49	78	47	78	-----
Jamaica.....	25	43	48	50	71	86	94	107	136	105	110	186	127	129	-----
Trinidad.....	31	104	125	134	150	153	167	193	229	191	249	253	212	202	² 220
Malta.....	2	5	6	9	8	8	7	11	-----	12	10	10	10	-----	-----
Aden.....	18	109	124	128	116	125	176	180	183	179	111	196	226	199	-----
Cyprus.....	11	31	43	51	43	48	52	63	55	62	50	68	53	49	² 51
Brunei.....	3	67	91	94	92	89	99	108	-----	112	107	110	118	-----	-----
Hong Kong.....	253	657	780	510	480	424	444	563	529	558	585	522	482	526	² 496
Malaya.....	520	1,311	1,984	1,280	987	1,014	1,358	1,361	1,363	1,393	1,407	1,309	1,365	1,874	-----
North Borneo.....	8	30	37	21	20	25	34	39	-----	42	40	38	40	-----	-----
Sarawak.....	18	122	166	143	139	139	156	169	-----	161	157	167	170	-----	-----
Fiji.....	9	16	15	24	31	28	33	29	² 37	32	17	20	57	² 54	-----
Kenya ⁷	54	57	76	83	64	64	78	92	² 88	102	110	72	66	² 102	-----
Uganda ⁷		81	133	134	94	115	118	116	² 131	74	135	163	120	² 107	-----
Mauritius.....	14	32	50	53	58	56	53	63	71	118	59	7	79	138	-----
Nigeria.....	96	253	336	363	348	419	371	377	-----	348	411	399	299	-----	-----
Sierra Leone.....	13	19	28	30	33	32	29	37	51	32	41	85	39	42	-----
Tanganyika ⁷	24	68	111	132	98	103	102	127	113	153	116	71	113	153	-----
Other.....	30	80	85	90	100	105	100	110	² 120	85	130	135	105	² 100	-----

Exports (f. o. b.)—Continued

[In millions of U. S. dollars]

	1937	1950	1951	1952	1953	1954	1955	1956	1957	Quarterly data expressed as annual rates					
										1956, 4th	1957				1958, 1st
											1st	2d	3d	4th	
Other sterling.....	2,504	6,180	8,177	7,581	7,921	8,014	8,488	8,686	9,070	8,921	9,584	9,045	8,730	8,905	-----
Australia.....	595	1,668	2,038	1,689	1,977	1,656	1,748	1,887	2,206	2,380	2,464	2,299	1,837	2,222	1,691
Burma.....	193	158	212	264	238	251	227	246	213	232	250	249	225	129	-----
Ceylon.....	124	328	400	315	329	380	407	364	353	366	432	313	362	305	2 359
Ghana.....	60	189	232	216	226	294	244	222	2 217	195	296	263	156	2 152	-----
Iceland.....	13	31	45	39	43	52	52	63	61	85	58	57	58	70	2 41
India.....	712	1,146	1,611	1,295	1,116	1,182	1,276	1,269	1,383	1,393	1,384	1,251	1,492	1,404	-----
Pakistan.....	489	763	532	439	359	401	340	337	311	547	247	196	357	-----	-----
Iraq.....	56	141	183	278	392	488	519	477	2 357	298	177	339	416	2 498	-----
Ireland.....	114	203	228	284	319	323	311	303	367	339	366	349	390	359	-----
Jordan.....	3	4	4	4	6	8	8	14	-----	16	18	2 16	2 16	-----	-----
Kuwait.....	2 260	2 425	2 565	2 650	2 720	2 830	2 840	2 865	2 655	2 690	2 865	2 980	2 920	-----	-----
Libya.....	6	10	13	13	10	11	13	12	-----	17	13	-----	-----	-----	-----
New Zealand.....	260	511	692	671	659	683	724	770	772	642	904	815	765	604	-----
Northern Rhodesia.....	59	140	188	231	266	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Nyasaland.....	5	14	17	18	20	411	484	509	437	479	432	508	437	372	-----
Southern Rhodesia.....	31	117	128	163	165	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
South-West Africa.....	18	60	88	99	97	103	1,059	1,185	1,289	1,348	1,341	1,290	1,216	1,308	2 1,100
Union of South Africa.....	214	611	795	780	824	923	-----	-----	-----	-----	-----	-----	-----	-----	-----
Other.....	40	100	115	135	145	170	185	185	-----	165	-----	-----	-----	-----	-----
Rest of world.....	2,331	4,362	5,921	4,690	4,715	5,253	6,043	6,776	7,300	7,114	7,004	7,195	7,578	7,485	-----
China, Taiwan.....	79	102	130	128	93	123	118	148	124	202	162	114	116	-----	-----
Egypt.....	201	504	583	417	394	397	409	493	323	525	550	369	526	2 462	-----
Ethiopia.....	31	50	46	72	67	68	63	-----	41	127	90	-----	-----	-----	-----
Indonesia.....	548	800	1,292	934	840	867	946	882	2 908	1,000	782	848	1,078	2 925	-----
Iran.....	156	672	528	61	84	-----	-----	-----	90	218	127	94	118	2 228	-----
Israel.....	32	37	47	44	60	88	90	107	139	90	127	94	118	2 228	-----
Japan.....	956	820	1,355	1,273	1,275	1,629	2,011	2,501	2,858	2,888	2,625	2,685	3,070	3,052	2,846
Korea.....	-----	-----	-----	-----	40	24	18	25	22	28	24	22	20	20	2 13
Lebanon.....	20	82	24	21	25	29	33	40	42	49	44	33	29	60	-----
Syria.....	-----	-----	88	98	116	148	144	158	152	205	138	128	125	220	-----
Liberia.....	2	28	52	37	31	26	43	45	-----	42	48	-----	-----	-----	-----
Philippines.....	153	337	436	352	404	396	389	437	429	470	468	500	400	350	-----
Saudi Arabia.....	14	2 460	2 640	2 695	2 710	2 800	2 811	2 835	2 830	2 690	2 615	2 880	2 955	2 870	-----
Sudan.....	44	103	227	133	128	116	145	192	138	159	132	113	201	112	-----
Thailand.....	73	304	367	329	323	283	335	334	365	391	406	357	343	356	-----
Other.....	125	105	130	120	85	130	140	-----	-----	-----	-----	-----	-----	-----	-----

GATT SEQUESTERED FAR FROM EYES OF CONGRESS,
AMERICAN PUBLIC INDUSTRIES

Mr. MALONE. Mr. President, under the bilateral trade agreements program enacted by Congress in 1934, we were not able to sacrifice our jobs, industries, and markets fast enough to satisfy the Henry Wallaces, Alger Hisses, Harry Dexter Whites, Harold Glassers, and V. Frank Coes in our Government, and so GATT was created.

In my opinion, GATT was created by the State Department and the State Department in 1947, not only so it could speed the destruction of our economy, but also so it could carry on this conspiracy far from the scrutiny of an American Congress, the American people, and the American industries they intended to destroy.

To prevent any contacts with GATT by Members of Congress, afflicted industries, or the American people, they further contrived that GATT be headed by foreigners, who, being foreigners, would thus be completely removed from contact with Americans other than a selected delegation from the State Department.

PREPARATORY MEETING HELD IN LONDON

It was for this purpose also that the preparatory meetings were held in London and were held there very quietly while other and well-publicized international conferences were going on, in one of which we agreed to finance Britain's trade expansion with \$3,750,000,000 of American taxpayers' money.

At the quite subdued preparatory meetings in London it was planned to set up both GATT and an International Trade Organization, both of which would operate in Geneva, Switzerland, under a foreign secretariat and far from the scrutiny of the American public and American newspapers.

In that way American markets and American wealth could be more readily distributed around the world.

GATT A STOPGAP FOR ITO

GATT was set up first, in Geneva, and has never been submitted to Congress. Our State Department contends that its authority to participate in GATT and sell our industries and wage earners down the river derives from the 1934 Trade Agreements Act.

ITO, or the International Trade Organization, was set up second, in Habana, Cuba. ITO was submitted to Congress, where it immediately died.

GATT SECRETARIAT TELLS OWN STORY

I now quote, Mr. President, from an official GATT brochure, published by the GATT secretariat at the Palais des Nations, Geneva, in April of this year, and only this week arrived on my desk.

GATT was intended as a stopgap arrangement, pending entry into force of the Habana Charter and the creation of the International Trade Organization. But, as events worked out, GATT has stood alone during 10 years as the only accepted international instrument which lays down rules of conduct for trade on a worldwide basis, and which has been accepted by a high proportion of the leading trading nations.

So GATT is a substitute for the ITO, and GATT admits it.

GATT states:

The starting point of the story is in the Atlantic Charter and in the lend-lease agreements in which the wartime allies bound themselves to seek together a world trading system based on nondiscrimination and aimed at higher standards of living to

be achieved through fair, full, and free exchange of goods and services.

I may state here, Mr. President, that the trade provision in the Atlantic Charter, according to Mr. Winston Churchill in his books on the war, was drafted by Mr. Churchill, always alert to British interests. GATT is still dominated by British interests.

I resume quoting from GATT's own explanation of what it is.

Long before the end of the war the United States, the United Kingdom, and other important trading countries in the United Nations discussed the establishment of international organizations to tackle the postwar problems of currency, investment, and trade.

The International Monetary Fund and the International Bank for Reconstruction and Development were established at Bretton Woods Conference before the end of the war.

GATT FUNCTIONING AT GENEVA IN 1947 WHILE ITO YET UNBORN

I may say, Mr. President, that Mr. Harry Dexter White, the Assistant Secretary of the Treasury, was our representative at that great conference. I refer to the great patriot we developed, along with Alger Hiss and the Coes and all the rest.

I continue to quote:

But for various reasons, including its wide range and its complexity, the charter for the International Trade Organization (ITO), which was intended to be the third agency to operate in the specialized field of economic affairs, was not completed until March 1948.

While the charter for the ITO was being worked out, the governments that formed the preparatory committee (appointed by the Economic and Social Council of the United Nations to draft the charter) agreed to sponsor negotiations aimed at lowering customs tariffs and reducing other trade restrictions among themselves, without waiting for the International Trade Organization itself to come into being.

This was encouraging evidence of the seriousness of purpose of the countries engaged in drafting the ITO charter and a constructive step toward carrying out one of its main purposes. Thus the first tariff negotiations were held at Geneva in 1947, side by side with the labors of the committee which was preparing the ITO charter.

It will be remembered that the ITO, the International Trade Organization, was submitted to Congress and died. Even Congress sensed something was wrong. If Congress had ever approved the ITO, that would have been the last of the United States.

STATE DEPARTMENT CLAIMS 1934 TRADE ACT PERMITS GATT COMPACTS

While perhaps not completely understanding that there is a continuance of the policy of destroying the United States of America under the 1934 Trade Agreements Act, it was stated in testimony by Mr. Dulles that the State Department contends it has full authority to operate under the GATT principle. GATT is located in Geneva. The contention is that the President has the authority to operate under GATT, under the 1934 Trade Agreements Act. If the ITO or the Office of Trade Cooperation are never approved, the State Department will continue under the 1934 Trade Agreements Act unless Congress wakes up sometime and simply does not extend this nefarious act.

ITO SECRETARIAT SHIFTS TO GATT WHEN ITO DIES

I quote further:

The tariff concessions resulting from these negotiations were embodied in the multilateral trade agreement which is called the General Agreement on Tariffs and Trade or GATT. It was signed on October 30, 1947 at Geneva and came into force on January 1, 1948. Originally the GATT was accepted by 23 countries. At the end of 1957 there were 37 contracting parties.

It soon became evident that no acceptances of the charter for the ITO—the Havana charter—could be expected until the position of the United States toward the establishment of the ITO was made clear. With the indication in December 1950, that the charter would not be submitted again to the United States Congress, the attempt to establish the International Trade Organization was abandoned.

Then follows the paragraph about GATT being a stopgap arrangement until the climate is better for creation of ITO.

GATT CHIEFS ALL FOREIGNERS

GATT continues:

Today, the GATT is administered by a small group of experts under an Executive Secretary, Mr. Eric Wyndham White. This Secretariat was originally established in 1948 after the Havana Conference, to prepare for the International Trade Organization, but for a number of years it has been wholly engaged on work for the contracting parties to the general agreement.

Mr. Eric Wyndham White, incidentally, Mr. President, was the Executive Secretary at the Havana Conference. After this Conference he merely exchanged his ITO hat for his GATT hat and went on with his work.

Mr. White, the former ITO Executive Secretary, is now the GATT Executive Secretary, and he has held that post throughout the lifetime of GATT.

Mr. White represents the United Kingdom.

The Chairman of GATT is Mr. Shri L. K. Jha, of India, which is a Commonwealth of the British Empire.

There are two Vice Chairman, Mr. Fernando Garcia-Oldini, of Chile, and Dr. Heinz Standenat, of Austria. An Alternate Vice Chairman is Dr. Emanuel Treu, also of Austria.

SENATOR RECALLS LUNCH WITH GATT SECRETARY IN GENEVA

Mr. President, while I was in Geneva, Switzerland, in 1945, attending the International Power Conference, with respect to the new uranium fuel for power, with all the nations represented, I took the Secretary to lunch and had a very fine conversation with him. He said that no one had ever asked the United States to sign anything that was not good for the United States, but that we voluntarily entered into all these trade agreements. He represented, of course, the GATT organization, the General Agreement on Tariffs and Trade; that is to say, the organization which uses that principle of making multilateral trade agreements. Of course, he is a British subject and is very desirous of taking care of that nation, which of course he should.

The only difficulty is that we have no one there taking care of the United States of America.

The Deputy Executive Secretary is Mr. Jean Royer, of France.

There is no citizen or representative of the United States in this GATT hierarchy.

Every 6 months, we are told by GATT, a group of Government officials, holding fellowships granted by the United Nations Technical Assistance Administration, joins the GATT secretariat for a period of training, and up to January 1958 some 28 persons from 19 countries had undertaken this training.

GATT GIVES ALL FOREIGN NATIONS "OUT" ON SUPPOSED RULES

GATT tells us that article XI "formally outlaws quantitative restrictions."

The way that GATT outlaws quantitative restrictions, it turns out, is not at all.

The reason is that GATT exceptions to its rule of outlawing quantitative restrictions occupy more space in the GATT agreement, and more prominence, than the rule itself.

Says GATT about one exception:

While seeking to reduce tariffs and to abolish quantitative import restrictions and similar barriers to international trade, the agreement recognizes the exceptional conditions and requirements of the underdeveloped countries: There are special provisions to meet the needs of such countries.

UNDERDEVELOPED AREAS IN UNITED STATES IGNORED; THOSE IN REST OF WORLD PAMPERED

I said on the floor of the Senate when it was about to adjourn in 1957, and I say again at this moment, that if some distinguished Members of Congress would like to see some underdeveloped areas, if they will accompany me west of the Rockies to Nevada and other States in the intermountain area, I will show them some real underdeveloped areas. I will also show them some areas which have been developed by private capital, and which have gone back to the brush, because of the votes of this body.

Quoting further from the GATT statement:

Under the revised provisions * * * underdeveloped countries have the right to apply quantitative restrictions on their imports for balance-of-payment reasons on less stringent terms in a manner which takes full account of the continued high level of demands for imports likely to be generated by their programs of economic development.

Further, whenever a country finds that governmental assistance is required to promote the establishment of a particular industry with a view to raising the general standard of living of its people, it will, notwithstanding its general obligation to avoid the use of such restrictions, have the right to resort to such measures. During recent years, a number of countries, including Ceylon, Cuba, and India, have taken advantage of these special GATT provisions for the purpose of promoting the establishment or development of industries.

MORE GATT EXCEPTIONS

GATT says that the general prohibition on the use of quantitative restrictions is one of the basic principles of the general agreement, and adds:

The main exception is the use of quantitative restrictions to safeguard the balance of payments and monetary reserves, and in certain circumstances, the use of such restrictions in a discriminatory way.

This gives all contracting parties to GATT except the United States an "out"

because they can manipulate their currencies, or apply multiple exchange rates in such a way as to make it appear that they are unable to maintain a balance of payments or that their monetary reserves are being threatened.

NO OTHER COUNTRIES REQUIRED TO KEEP GATT AGREEMENTS

After all the flowery language is brushed aside and we examine the subject, the agreement means that the other countries do not have to keep their part of the trade agreements so long as they can show that they are short of dollar balance payments in international exchange; and they can show that, of course, as Mr. Dulles admitted, until all our wealth and markets are equally divided among them. Then it will be too late.

The monetary reserves of the United States which are represented by our gold supply is constantly being depleted and is perhaps jeopardized more today than that of any other nation, but the United States has never sought to avail itself of this exception in the GATT agreement which has many times more weight than the rule itself.

Some of the nations, GATT reports, have had considerable difficulty in making it appear that they were experiencing balance of payments difficulties, and some have been unable to do so at all.

GATT ALTERS OWN RULES AT WILL

So in 1955 GATT altered the rule to permit continuance of restrictions even when contracting parties to GATT were in a favorable balance of payments position and had adequate monetary reserves. Said GATT:

It was recognized that some countries may have difficulty in dismantling the so-called "hard core" of these restrictions, and it was agreed that subject to the concurrence of the contracting parties in each case, a country will be allowed to retain for a limited period restrictions originally imposed for balance-of-payment purposes but no longer justified on that account.

In other words, no country has to remove any restrictions or lower any trade barriers unless it wants to do so itself; all the altruistic language of the GATT agreement is nullified by its own exceptions. If there apparently is no exception to cover a particular case of a country which is influential or popular in GATT, GATT will invent one.

STATE DEPARTMENT PREFERS GATT DICTATION TO INDEPENDENCE

GATT realizes its own inability to do anything unless countries which are contracting parties to GATT voluntarily agree to accept GATT's mandates. This, however, the United States invariably does, because our State Department prefers dictation by GATT to independence, and prefers to serve GATT's purpose of one-economic-world to serving the American people.

UNITED STATES HONORS AGREEMENT WITH JAPAN; 15 OTHER NATIONS RENEGE

Rather wistfully GATT in its brochure observes:

Japan has been a contracting party for over 3 years, but up to the beginning of 1958, 15 contracting parties invoked article XXXV with respect to Japan thereby refraining

from undertaking GATT obligations toward that country.

Article XXXV provides that obligations of a contracting party shall not apply if:

First. The two contracting parties have not entered into tariff negotiations with each other.

Second. Either of the contracting parties, at the time either becomes a contracting party, does not consent to such application. No contracting party does anything it does not want to do except the United States. We are bound.

The reason the United States lowered its tariffs on imports from Japan was because the State Department wanted to.

The reason 15 other nations refused to lower their duties on imports from Japan was because they did not want to.

The reason the State Department prefers to lower its tariffs through negotiations conducted at Geneva instead of conducting them directly with Japan, is apparently to avoid observation and possible objection by the American people.

UNITED STATES TEXTILE INDUSTRY INJURED BY JAPANESE IMPORTS

We have the spectacle of an administration saying that, while Japan is destroying the textile industry of this country, it very kindly refrains from sending so many textiles into the United States for a certain period. It so happens that that period was the period preceding the proposed extension of the 1934 Trade Agreements Act. Could anyone a few years ago picture the United States of America at the mercy of Japan? Would anyone have said that Japan had to consent not to bring in competitive materials in order to avoid entirely wiping out an industry?

GENEVA CHOICE HIDEAWAY FOR GATT NEGOTIATORS

I think I can understand that attitude of the State Department. The State Department has built up this very formidable conception of trade. I remember that in 1955 many witnesses appeared before the Senate Finance Committee. I questioned them at some length.

Among them was the president of the Standard Oil Company of New Jersey. In his testimony he was very specific in saying that the Standard Oil Company wanted to import oil from the Middle East, Venezuela, and other places, regardless of any effect it might have on the industry. I asked the president of that company, whose name I do not remember at the moment, but who is a fine man, and a very competent official of one of the best operated companies in the world, "Are you telling us in this committee that you ought to be the judge of how much oil should be imported into this country from Arab countries, from Venezuela, and other parts of the world?" He said he meant exactly that. He thought he ought to be the judge. That was the final answer.

GATT SESSIONS SECRET

GATT affords a splendid cover-up and hide-away in an attractive foreign resort city to which diplomats may repair and

do what they have planned to do anyway, but do it far from the prying eyes or intent ears of the people of their country, including Members of the Congress of the United States, to say nothing of the producers and working men of this country, who are dependent upon the production of products in this country for their livelihood and for the safeguarding their jobs.

GATT sessions are secret.

Each of the 37 so-called contracting parties, who may contract or not contract as they choose, has one vote.

The secretariat is foreign.

UNITED STATES HAS ONE VOTE IN GATT

It is headed by a Britain and the chairman is a gentleman from India. Not only does the British empire dominate the permanent organization but the United Kingdom with its commonwealth and federations which are parties to GATT have a total of 11 votes.

The United States has one vote.

Mr. President, we are always "behind the 8-ball," and we will remain behind it if Congress extends the Trade Agreements Act.

REPORTS OF COMMITTEES ON PERSONNEL AND FUNDS

Pursuant to Senate Resolution 123, 80th Congress, 1st session, the following reports were received by the Secretary of the Senate:

JUNE 30, 1958.

COMMITTEE ON AGRICULTURE AND FORESTRY

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees during the period from January 1, 1958, to June 30, 1958, together with the funds available to and expended by it and its subcommittees:

Name	Profession	Total salary received
Harker T. Stanton	Professional staff member	\$7,399.98
Henry J. Casso	do	6,214.32
Cotys M. Mouser	Chief clerk	5,723.88
James M. Kendall	Assistant chief clerk	5,590.08
Betty M. Mason	Clerical assistant	2,867.28
Blanche M. O'Berg	do	3,483.84
Helen A. Miller	do	2,815.92

Funds available for expenditure at beginning of period..... 15,222.94
Additional funds authorized during period.....

Total available for expenditure during period..... 15,222.94
Expended during period..... 3,952.25

Balance available for expenditure at end of period..... 11,270.69

ALLEN J. ELLENDER,
Chairman.

JULY 1, 1958.

COMMITTEE ON APPROPRIATIONS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees during the period from January 1, 1958, to June 30, 1958, together with the funds avail-

able to and expended by it and its subcommittees:

Name	Profession	Total salary received
Everard H. Smith	Chief clerk	\$7,399.98
Thomas J. Scott	Assistant clerk	7,150.62
Francis S. Hewitt	do	6,704.76
Edmund T. King	do	6,348.06
Kenneth J. Bousquet	Professional staff member	6,704.76
Earl W. Cooper	do	6,808.80
William J. Deachman	Professional staff member (from Jan. 16)	5,532.99
Herman E. Downey	Professional staff member	6,704.76
Leonard E. Edwards	do	6,348.06
Joe E. Gonzales	do	6,258.90
William J. Kennedy, Jr.	do	6,348.06
Cecil C. McDaniel	do	6,704.76
Harold E. Merrick	do	6,704.76
Vorley M. Rexroad	Professional staff member (from Mar. 18)	3,581.48
Raymond L. Schafer	Professional staff member	6,348.06
Thomas F. Shannon	Professional staff member (to Jan. 15)	502.99
John M. Witeck	Professional staff member	6,214.32
William W. Woodruff	do	6,704.76
Gloria S. Butland	Clerical assistant	2,713.14
Virginia D. Carroll	do	2,713.14
Leon DeVill	do	2,610.42
Mildred L. Fowlkes	do	2,713.14
Ruby C. Huthinson	Clerical assistant (to Mar. 31)	
Do	Assistant clerk (from Apr. 2)	2,727.41
Sally L. Heath	Clerical assistant	2,507.64
Mamie L. Mizen	Assistant clerk	4,646.16
Rebui H. Nichols	Clerical assistant	2,713.14
Gardner C. Turner	Staff member	6,704.76
Alonzo B. Gonzales	do	4,049.04
Maurice P. Pujol	do	5,500.92
Franklin B. Dryden	Staff member (to Mar. 15)	2,514.99
Paul J. Cotter	Staff member (from Apr. 16 to May 31)	1,702.20

CARL HAYDEN,
Chairman.

JULY 1, 1958.

COMMITTEE ON APPROPRIATIONS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report on miscellaneous expenses during the period from January 1, 1958, to June 30, 1958, together with the funds available to and expended by it and its subcommittees:

MISCELLANEOUS EXPENSES

Unexpended balance of amount authorized by Legislative Appropriation Act, 1957, as of December 31, 1957	\$350,301.39
Amount expended January 1 to June 30, 1958	
Balance unexpended as of June 30, 1958	350,301.39
Unexpended balance of amount authorized by Legislative Appropriation Act, 1958, as of Dec. 31, 1957	356,872.23
Amount expended Jan. 1, to June 30, 1958	21,287.03
Balance unexpended as of June 30, 1958	335,585.20
Unexpended balance of amount authorized by Reorganization Act and S. Res. 154 and 187 as of Dec. 31, 1957	10,662.81
Amount expended Jan. 1 to June 30, 1958	2,422.21
Balance unexpended as of June 30, 1958	8,240.60
Unexpended balance of amount authorized by S. Res. 129, June 26, 1947, as of Dec. 31, 1957	24,151.49
Amount repealed by S. Res. 269, approved March 6, 1958	24,151.49

CARL HAYDEN,
Chairman.

JULY 1, 1958.

COMMITTEE ON ARMED SERVICES

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees during the period from January 1, 1958, to June 30, 1958, together with the funds available to and expended by it and its subcommittees:

Name	Profession	Total salary received
Atkinson, Herbert S.	Assistant chief clerk	\$4,400.97
BeLieu, Kenneth E.	Professional staff member	6,808.85
Braswell, T. Edward Jr.	do	6,808.85
Dantzie, Maurine E.	Clerical assistant	2,867.33
Darden, William H.	Professional staff member	7,321.30
Francovitch, Virginia C.	Clerical assistant	2,404.90
Johnson, Edna E.	do	2,909.17
Welker, Mary M.	do	2,764.56
Wingate, Harry L., Jr.	Chief clerk	6,808.85

Funds available for expenditure at beginning of period.....\$11,404.19
Additional funds authorized during period.....

Total available for expenditure during period.....11,404.19
Expended during period.....4,707.10

Balance available for expenditure at end of period.....6,697.09

RICHARD B. RUSSELL,
Chairman.

JULY 1, 1958.

COMMITTEE ON ARMED SERVICES

PREPAREDNESS INVESTIGATING SUBCOMMITTEE

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees during the period from January 1, 1958, to June 30, 1958, together with the funds available to and expended by it and its subcommittees:

Name	Profession	Total salary received
Busby, Horace W.	Consultant ¹	\$1,233.32
Bush, Morris W.	Investigator	4,049.04
Canaday, Alyce D.	Clerical assistant	2,353.50
Cooper, Genevieve	Secretary	2,661.78
French, Stuart P.	Special counsel	4,982.64
Friedenberg, Ronald	Attorney	4,351.92
Gee, Phoebe A.	Stenographer ²	1,375.44
Gilleas, Ben J.	Attorney	4,742.94
Horwitz, Solis	Counsel	6,660.18
Jeffries, Jo Ann V.	Clerk-typist	2,096.58
McGillicuddy, Daniel F., Jr.	Attorney	5,055.06
Miller, Mary M.	Stenographer	2,250.72
Neal, Robert M.	Attorney	3,381.12
Shepard, Don E.	Research assistant ³	2,148.56
Stewart, Dr. Homer J.	Consultant ⁴	575.54
Toskes, Philip J.	Investigator ⁵	1,630.14
Wallace, Thomas R.	do ⁶	256.59
Wheeler, Shirley H.	Stenographer ⁷	1,661.86
Wilson, Glen P.	Assistant clerk ⁸	1,443.57

¹ From January.

² From Feb. 1 to May 20.

³ To May 8.

⁴ From January.

⁵ To Mar. 23.

⁶ From June 10.

⁷ To June 4.

⁸ To Mar. 26.

Funds available under S. Res. 48 for expenditure at beginning of period.....\$106,522.10

Funds expended during period under S. Res. 48.....\$24,738.95

Balance returned to contingent fund of Senate.....81,783.75

Funds authorized under S. Res. 212, agreed to Jan. 23, 1958.....190,000.00
Funds expended during period.....51,029.96

Balance available for expenditure at end of period.....138,970.04

RICHARD B. RUSSELL,
Chairman.

LYNDON B. JOHNSON,
Chairman, Preparedness Investigating Subcommittee.

JULY 15, 1958.

COMMITTEE ON BANKING AND CURRENCY

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees during the period from January 1, 1958, to June 30, 1958, together with the funds available to and expended by it and its subcommittees:

Name	Profession	Total salary received
John H. Yingling	Chief clerk	\$7,400.00
Robert A. Wallace	Staff director	7,150.67
Paul Cyr	Assistant clerk	6,808.85
James B. Cash, Jr.	Professional staff member	6,808.85
Donald L. Rogers	Counsel	6,808.85
Matthew Hale, from Feb. 1	do	5,674.05
Henrietta S. Chase	Clerical assistant	3,432.52
Florence Barr	do	3,175.61
Pauline C. Beam	do	3,124.23
Caro M. Pugh	do	3,124.23

Funds available for expenditure at beginning of period.....\$7,760.17
Additional funds authorized during period.....0
Total available for expenditure during period.....7,760.17
Expended during period.....5,659.28

Balance available for expenditure at end of period.....2,100.89

J. W. FULBRIGHT,
Chairman.

JULY 15, 1958.

COMMITTEE ON BANKING AND CURRENCY

SUBCOMMITTEE ON HOUSING

(S. Res. 207, agreed to February 5, 1958)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees during the period from February 1, 1958, to June 30, 1958, together with the funds available to and expended by it and its subcommittees:

Name	Profession	Total salary received
Jack Carter	Staff director	\$5,674.00
Milton P. Semer	Chief counsel	5,674.00
Dean F. Cromer	Staff assistant	4,435.50
Carl A. S. Coan	Research director	4,361.20
Dudley L. O'Neal, Jr.	Assistant counsel	3,751.23
Clarence R. Jacobs	Staff assistant	2,774.75
Mildred Mitchel	Clerical assistant	2,218.15
Doris I. Thomas	do	2,089.70

Funds available for expenditure at beginning of period.....\$90,000.00
Additional funds authorized during period.....0
Total available for expenditure during period.....90,000.00

Calendar No. 1875

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 21, 1958

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. PAYNE to the bill (H. R. 12591), to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz: On page 15, after line 16, insert the following new sections:

1 SEC. 6. Subsection (c) of section 7 of the Trade Agree-
2 ments Extension Act of 1951, as amended (19 U. S. C.,
3 sec. 1364 (c)), is amended to read as follows:

4 “(c) (1) Within thirty days after receipt of the Tariff
5 Commission’s recommendations, the President shall proclaim
6 such adjustments in the rate or rates of duty, impose such
7 quotas, or make such other modifications as are recom-
8 mended by the Commission to be necessary to prevent or
9 remedy serious injury to the respective domestic industry,
10 unless prior to the expiration of such thirty days, the Presi-

1 dent shall have submitted a report to the Congress recom-
2 mending that no such adjustments or modifications be made,
3 or no such quotas be imposed, or recommending that alterna-
4 tive means of preventing or remedying serious injury to the
5 respective domestic industry be adopted. Such recommen-
6 dations by the President shall become effective, unless prior
7 to the expiration of sixty days, or in the event the Congress
8 is not in session at the time the recommendation is sub-
9 mitted, within thirty days after the Congress next convenes,
10 both Houses of Congress shall have adopted a concurrent
11 resolution stating in effect that the Senate and House of Rep-
12 resentatives approve the recommendations made by the
13 Tariff Commission, in which event the President shall take
14 such action as may be necessary to carry out the recom-
15 mendations so approved.

16 “(2) In any case of divided vote calling for the applica-
17 tion of subsection (d) (1) of section 330 of the Tariff Act
18 of 1930 (19 U. S. C., sec. 1330), as amended, the findings
19 and recommendations of the Commission for the purposes
20 of this subsection shall be the findings and recommendations
21 of that group within the Commission which recommends the
22 greatest measure of relief (as specified by the President in
23 his report to the Congress pursuant to paragraph (1)), and

1 which the President is authorized to consider as the findings
2 and recommendations of the Commission under such section
3 330.”

4 SEC. 7. (a) The following subsections of this section are
5 enacted by the Congress:

6 (1) As an exercise of the rulemaking power of the
7 Senate and the House of Representatives, respectively,
8 and as such they shall be considered as part of the rules
9 of each House, respectively, but applicable only with
10 respect to the procedure to be followed in such House in
11 the case of resolutions (as defined in subsection (b));
12 and such rules shall supersede other rules only to the
13 extent that they are inconsistent therewith; and

14 (2) With full recognition of the constitutional right
15 of either House to change such rules (so far as relating
16 to the procedure in such House) at any time, in the
17 same manner and to the same extent as in the case of
18 any other rule of such House.

19 (b) As used in this section, the term “resolution”
20 means only a concurrent resolution of the two Houses of
21 Congress, the matter after the resolving clause of which is
22 as follows (with appropriate changes to cover the situation
23 referred to in section 7 (c) (2) of the Trade Agreements

1 Extension Act of 1951, as amended by the Trade Agree-
2 ments Extension Act of 1958) :

3 “That the Senate and House of Representatives approve
4 the action—

5 “(1) found and reported by the United States
6 Tariff Commission to be necessary to prevent or remedy
7 serious injury to the respective domestic industry, in its
8 report to the President dated , 19 , on
9 its escape-clause investigation numbered under the
10 provisions of section 7 of the Trade Agreements Exten-
11 sion Act of 1951, as amended (19 U. S. C., sec. 1364),
12 and

13 “(2) disapproved by the President in whole or in
14 part in his report (dated , 19) pursuant to
15 paragraph (1) of section 7 (c) of such Act.”,
16 the blank spaces therein being appropriately filled; and does
17 not include a concurrent resolution which specifies more than
18 one such investigation.

19 (c) A resolution with respect to an investigation shall
20 be referred to the Committee on Finance of the Senate
21 or to the Committee on Ways and Means of the House of
22 Representatives by the President of the Senate or the
23 Speaker of the House of Representatives, as the case may be.

24 (d) (1) If the committee to which has been referred
25 a resolution with respect to an investigation has not reported

1 it before the expiration of ten calendar days after its intro-
2 duction (or, in the case of a resolution received from the
3 other House, ten calendar days after its receipt), it shall
4 then (but not before) be in order to move either to
5 discharge the committee from further consideration of such
6 resolution, or to discharge the committee from further
7 consideration of any other resolution with respect to such
8 investigation which has been referred to the committee.

9 (2) Such motion may be made only by a person favor-
10 ing the resolution, shall be highly privileged (except that it
11 may not be made after the committee has reported a resolu-
12 tion with respect to the same investigation), and debate
13 thereon shall be limited to not to exceed one hour, to be
14 equally divided between those favoring and those opposing
15 the resolution. No amendment to such motion shall be in
16 order, and it shall not be in order to move to reconsider the
17 vote by which such motion is agreed to or disagreed to.

18 (3) If the motion to discharge is agreed to or disagreed
19 to, such motion may not be renewed, nor may another mo-
20 tion to discharge the committee be made with respect to
21 any other resolution with respect to the same investigation.

22 (e) (1) When the committee has reported, or has been
23 discharged from further consideration of, a resolution with
24 respect to an investigation it shall at any time thereafter be
25 in order (even though a previous motion to the same effect

1 has been disagreed to) to move to proceed to the considera-
2 tion of such resolution. Such motion shall be highly privi-
3 leged and shall not be debatable. No amendment to such
4 motion shall be in order and it shall not be in order to move
5 to reconsider the vote by which such motion is agreed to or
6 disagreed to.

7 (2) Debate on the resolution shall be limited to not to
8 exceed ten hours, which shall be equally divided between
9 those favoring and those opposing the resolution. A motion
10 further to limit debate shall not be debatable. No amend-
11 ment to, or motion to recommit, the resolution shall be in
12 order, and it shall not be in order to move to reconsider the
13 vote by which the resolution is agreed to or disagreed to.

14 (f) (1) All motion to postpone, made with respect to
15 the discharge from committee, or the consideration of, a reso-
16 lution with respect to an investigation, and all motions to
17 proceed to the consideration of other business, shall be
18 decided without debate.

19 (2) All appeals from the decisions of the Chair relating
20 to the application of the rules of the Senate or the House
21 of Representatives, as the case may be, to the procedure
22 relating to a resolution with respect to an investigation shall
23 be decided without debate.

24 (g) If, prior to the passage by one House of a resolu-
25 tion of that House with respect to an investigation, such

1 House receives from the other House a resolution with re-
2 spect to the same investigation, then—

3 (1) If no resolution of the first House with respect
4 to such investigation has been referred to committee,
5 no other resolution with respect to the same investigation
6 may be reported or (despite the provisions of subsection
7 (d) (1)) be made the subject of a motion to discharge.

8 (2) If a resolution of the first House with respect
9 to such investigation has been referred to committee—

10 (A) the procedure with respect to that or other
11 resolutions of such House with respect to such in-
12 vestigation which have been referred to committee
13 shall be the same as if no resolution from the other
14 House with respect to such investigation had been
15 received; but

16 (B) on any vote on final passage of a resolution
17 of the first House with respect to such investigation
18 the resolution from the other House with respect to
19 such investigation shall be automatically substituted
20 for the resolution of the first House.

AMENDMENT

Intended to be proposed by Mr. PAYNE to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

JULY 21, 1958

Ordered to lie on the table and to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 23, 1958
For actions of July 22, 1958
85th-2d, No. 123

CONTENTS

Appropriations.....1,17		
Buildings.....35		
Cotton.....13		
Country life.....34		
Electrification.....8,28		
Family farms.....2		
Farm income.....27		
Farm program.....14,21,30		
Fire fighters.....36		
Flood control.....39		
Food stamp plan.....9		
Food supply.....22		
Foreign aid.....19,23		
Forestry.....3		
Humane slaughter.....18		
Legislative program.....12,21		
Livestock.....25		
Minerals.....3,4,7,15		
Organization.....38		
Personnel.....10,33,36		
Plywood.....32		
Property.....37		
Public Law 480.....22,31		
Purchases.....37		
Reclamation.....16		
Retirement.....1		
Roads.....6		
Small business.....37		
Stabilization payments.....4,15		
Statehood.....11,20		
Textiles.....24		
Tobacco.....29		
Trade agreements.....13		
Transportation.....5		
Wool.....26		

HIGHLIGHTS: House passed supplemental appropriation bill. Senate passed trade agreements extension bill. House agreed to conference report on independent offices appropriation bill. Rep. Sullivan urged enactment of food stamp plan.

HOUSE

1. APPROPRIATIONS. Passed with amendment H. R. 13450, the supplemental appropriation bill for 1959 (pp. 13362-380). A point of order was sustained against an amendment by Rep. Gross that would have provided that none of the funds would be used for publicity or propaganda purposes designed to support or defeat legislation pending before the Congress (p. 13380). See Digest 121 for items of interest to this Department.

Agreed to the conference report on H. R. 11574, the independent offices appropriation bill for 1959, and acted on amendments in disagreement. Voted to insist on disagreement to a Senate amendment which would delete the House language providing for Federal payment of \$589 million to the Civil Service Retirement and Disability Fund. pp. 13356-62

The Appropriations Committee reported without amendment H. R. 13489, the Defense Department military construction appropriation bill for 1959 (H. Rept. 2238). pp. 13355, 13384

2. FAMILY FARMS. The "Daily Digest" states as follows: "Committee on Agriculture: Subcommittee on Family Farms met in executive session to continue consideration

of H. R. 11844 and H. R. 12239, bills establishing a country life commission. The committee amended H. R. 11184, and voted to report a clean bill, incorporating such amendments, to the full committee." p. D716

3. FORESTRY. A subcommittee of the Interior and Insular Affairs Committee ordered reported with amendment S. 1748, to add certain lands in Idaho and Wyo. to the Caribou and Targhee National Forests, and S. 2517, to authorize the States to choose mineral lands in making selections in lieu of sections of public lands occupied before State claims were made. p. D717
4. MINERALS. A subcommittee of the Interior and Insular Affairs Committee ordered reported with amendment S. 4036, to provide stabilization payments to certain minerals producers. p. D717
5. TRANSPORTATION. Conferees agreed to file a report on S. 3778, the omnibus transportation bill. p. D718
6. ROADS. The Public Works Committee ordered reported H. R. 12808, to amend the Federal-Aid Highway Act so as to extend for an additional two years the approved basis for the apportionment of funds for the Interstate Highway System. p. D718
7. MINERAL LEASES. Conferees were appointed on S. 2069, to amend the Mineral Leasing Act so as to increase the aggregate acreage of coal leases which may be held by one person in any one State. Senate conferees have been appointed. p. 13380
8. ELECTRIFICATION. Agreed to the conference report on H. R. 13121, authorizations for appropriations for AEC projects for 1959. p. 13362
9. FOOD STAMP PLAN. Rep. Sullivan urged amendment of S. 3420, to extend Public Law 480, to include provisions authorizing the establishment of a food stamp plan. She stated that "Public Law 480 is a food-stamp plan for the whole world - except for our own hungry." pp. 13355-56
10. PERSONNEL AWARDS. Rep. Wainwright spoke in favor of legislation to provide a Medal for Distinguished Civilian Achievement. p. 13356
11. STATEHOOD. Rep. Saylor urged immediate consideration of legislation to provide statehood for Hawaii. pp. 13381-82
12. LEGISLATIVE PROGRAM. At the request of Rep. McCormack unanimous consent was granted for the call of the private calendar on Tues., July 29, and for taking up bills under suspension of the rules on that day. p. 13355

SENATE

13. TRADE AGREEMENTS. Passed, 72 to 16, with amendments H. R. 12591, to amend and extend the Reciprocal Trade Agreements Act (pp. 13283, 13291-13350). Senate conferees were appointed. House conferees have not been appointed. Adopted the following amendments:
By Sens. Johnson and Knowland, 63 to 27, to strike from the bill sections 6 and 7, which would have provided that the President could override recommendations of the Tariff Commission only with the concurrence of the Congress (pp. 13291-13304);
By Sen. Morse, to consider growers of a commodity as a part of the industry in assessing injuries under the escape clause (pp. 13325-30);

- By Sen. Purtell, to grant the Tariff Commission authority to convert specific duties into ad valorem tariff rates (p. 13320);
- By Sen. Ervin, to require Tariff Commission investigations to include ascertaining export prices and U. S. wholesale prices, and to estimate the amount of imports which can be made without injury to U. S. producers (pp. 13332-3);
- By Sen. Humphrey, to direct the Tariff Commission to include the possibilities of alternative employment of facilities and workers in escape clause studies (pp. 13333-4); and
- By Sen. Javits, to add the study of adjustment assistance for small business to the topics to be investigated by the study commission (pp. 13334-5).

Rejected the following amendments: :

- By Sen. Payne, 34 to 57, to allow the Congress by majority votes to overrule Presidential action on a Tariff Commission recommendation (pp. 13304-12);
 - By Sen. Magnuson, 44-46, to amend Section 22 of the Agricultural Adjustment Act to place responsibility for fact finding and administration of import limitations on the Secretary of Agriculture (pp. 13313-22), with a proviso by Sen. Proxmire to allow the President to admit additional quantities of certain products and charge the additional costs for price supports to the appropriations for the program aided by such additional imports (pp. 13317-18);
 - By Sen. Purtell, to indicate the sense of Congress that quota limitations should be imposed where necessary (pp. 13330-2); and
 - By Sen. Goldwater, to provide that Congress may terminate the authority granted in the bill at any time by concurrent resolution (pp. 13335-6).
- Sen. Pastore withdrew his amendment to provide for a differential tariff on cotton goods in recognition of the lower price at which surplus cotton is sold to foreign manufacturers, after stating that he brought up the amendment to bring this problem to the attention of Congress and the administration (pp. 13323-5).

- 14. FARM PROGRAM. Sen. Langer inserted a Farmers' Union analysis of S. 4071, the Senate farm bill, which argued that "This bill is unbelievably bad," and a letter from the Farm Bureau Federation supporting the bill. pp. 13289-91
 - 15. MINERALS. The Interior and Insular Affairs Committee ordered reported without amendment S. 4146, to provide for stabilization payments for certain mineral producers (report to be held pending receipt of departmental report). p. D714
 - 16. RECLAMATION. The Interior and Insular Affairs Committee ordered reported without amendment H. R. 8645, to amend the Reclamation Project Act regarding the repayment of contracts on reclamation projects. p. D715
 - 17. APPROPRIATIONS. Agreed to the conference report on H. R. 13121, to authorize appropriations for the Atomic Energy Commission. This bill will now be sent to the President. pp. 13312-13
 - 18. HUMANE SLAUGHTER. Sen. Humphrey submitted as a substitute amendment to H. R. 8308, the humane slaughter bill reported with amendments by the Senate Agriculture Committee, the language of the bill as it passed the House, and urged that such legislation be enacted. pp. 13261-2
 - 19. FOREIGN AID. Sen. Talmadge inserted the statement of Spruille Braden before the Appropriations Committee urging reductions in the foreign aid and ICA appropriations. pp. 13269-72
- S. Res. 264, favoring the establishment of an International Development Ass'n, was made the pending business. p. 13351

20. STATEHOOD. Sen. Long inserted a La. Legislature resolution welcoming Alaska as the 49th State, and a news article on the efforts of a La. citizen in the passage of the Alaska statehood bill. p. 13259
Sen. Humphrey commended the activities of Ernest Gruening and Bob Bartlett in securing passage of the Alaska statehood bill. pp. 13276-8

21. LEGISLATIVE PROGRAM. Sen. Johnson announced that he expected S. 4071, the Senate farm bill, to be reached "about noon tomorrow," July 23. p. 13351

ITEMS IN APPENDIX

22. FOOD SUPPLY. Sen. Javits inserted B. L. Oser's, Food and Drug Research Laboratories, Inc., address, "The Food Industry in a Changing World," and stated that it "calls attention to the tremendously vital question of the capability of our earth to support the increase in population." pp. A6547-8
Extension of remarks of Rep. Sullivan urging enactment of food-stamp legislation and inserting tabulations covering the point of foreign donations of food to the needy overseas under Public Law 480 as compared to the "much reduced program of food distribution to help our own needy." pp. A6573-5
23. FOREIGN AID. Sen. Humphrey inserted an editorial, "Is Foreign Aid Unpopular?" p. A6550
24. TEXTILES. Rep. Smith, Miss., inserted an article in support of his bill, H. R. 469, which would require fiber content labeling of all textile products. pp. A6557-8
25. LIVESTOCK. Rep. Miller, Nebr., inserted various resolutions of the Nebraska Stock Growers Ass'n and stated that "the cattlemen of the country have been wise in resisting Government controls of any kind." pp. A6561-2
26. WOOL. Rep. Anderson inserted several telegrams from Mont. sheepmen concerning the "crisis" now facing their industry if the Wool Act is not extended. pp. A6567-8
27. FARM INCOME. Rep. Gubser commented on the increase in farmers' realized net income and stated that "these figures dramatically point up that Secretary Benson has been right in his insistence upon a free farm economy and a lessening of government regulation." p. A6572
28. ELECTRIFICATION. Sen. Neuberger inserted excerpts from an address by the Master of Oregon State Grange favoring the purpose of the proposed Columbia River Regional Power Corporation. p. A6581
29. TOBACCO. Sen. Cooper inserted his recent address before the Leaf Tobacco Exporters Ass'n discussing the importance of the tobacco industry, both in its domestic and foreign trade aspects. pp. A6581-3
30. FARM PROGRAM. Rep. Wainwright inserted an article, "America's Farm Problem," and stated that "I honestly believe that the article...is the sanest discussion of the fundamentals of the farm policy problem..." pp. A6596-7
31. PUBLIC LAW 480. Speech in the House of Rep. Judd opposing S. 3420, suggesting that the House committee report out "a simple bill to extend Public Law 480," and inserting a letter from the American Farm Bureau Federation opposing the new barter provisions and in some instances, "unwise uses" of the foreign currencies. pp. A6599-600

85TH CONGRESS
2D SESSION

H. R. 12591

IN THE SENATE OF THE UNITED STATES

JULY 22, 1958

Ordered to be printed with the amendments of the Senate numbered

AN ACT

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Trade Agreements Ex-
4 tension Act of 1958".

5 SEC. 2. The period during which the President is au-
6 thorized to enter into foreign trade agreements under section
7 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec.
8 1351), is hereby extended from the close of June 30, 1958,
9 until the close of June 30, (1)1956 1961.

10 SEC. 3. (a) Subsection (a) of section 350 of the Tariff

1 Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is
 2 amended as follows:

3 ~~(2)(1)~~ Paragraph ~~(2)~~ ~~(A)~~ is amended by striking out
 4 “January 1, 1945” and by inserting in lieu thereof “July 1,
 5 1934”.

6 (1) Paragraph (2) (A) is amended to read as
 7 follows:

8 “(A) Increasing by more than 50 per centum any
 9 rate of duty existing on July 1, 1934, except that in the
 10 case of a specific duty, the proclamation by the President
 11 may convert such specific duty as it existed on July 1,
 12 1934, to its ad valorem equivalent based on 1934 value
 13 and may increase such ad valorem rate by not more
 14 than 50 per centum.”

15 (2) Paragraph (2) (D) is amended by inserting “and
 16 before July 1, 1958,” after “June 12, 1955,”.

17 (3) The last sentence of paragraph (2) (D) (ii) is
 18 amended by striking out “section 402 of this Act (as in
 19 effect” and inserting in lieu thereof “section 402 or 402a
 20 of this Act (as in effect, with respect to the article con-
 21 cerned,”.

22 (4) Paragraph (2) is amended by adding at the end
 23 thereof the following new subparagraph:

24 “(E) In order to carry out a foreign trade agree-

ment entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the rates provided for in paragraph (4) (A) of this subsection."

(5) Paragraph (3) (A) is amended (A) by striking out "of subparagraphs (B) and (C) of this paragraph," and by inserting in lieu thereof "of subparagraphs (B) and (C) of this paragraph and of subparagraph (B) of paragraph (4) of this subsection," and (B) by striking out "suspension under paragraph (4)" and by inserting in lieu thereof "suspension under paragraph (5)".

(6) Paragraph (3) (D) is amended by striking out "paragraph (2) (C) or (D)" and by inserting in lieu thereof "paragraph (2) (C) or (D) or paragraph (4) (A) or (B)".

(7) Paragraphs (4) and (5) are renumbered as paragraphs (5) and (6), respectively.

(8) Subsection (a) is amended by inserting after paragraph (3) the following new paragraph:

"(4) (A) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made, in order to carry out a foreign trade agreement entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the following rates:

1 “(i) The rate which would result from decreasing
2 the rate existing on July 1, 1958, by ~~(3)~~²⁵ 15 per
3 centum of such rate.

4 “(ii) Subject to paragraph (2) (B) of this sub-
5 section, the rate 2 per centum ad valorem below the
6 rate existing on July 1, 1958.

7 “(iii) The rate 50 per centum ad valorem or, in
8 the case of any article subject to a specific rate of duty
9 or to a combination of rates including a specific rate,
10 any rate (or combination of rates), however stated, the
11 ad valorem equivalent of which has been determined as
12 50 per centum ad valorem.

13 The provisions of clauses (ii) and (iii) of this subparagraph
14 and of subparagraph (B) (ii) of this paragraph shall, in the
15 case of any article subject to a combination of ad valorem
16 rates of duty, apply to the aggregate of such rates; and, in
17 the case of any article subject to a specific rate of duty or
18 to a combination of rates including a specific rate, such
19 provisions shall apply on the basis of the ad valorem
20 equivalent of such rate or rates, during a representative
21 period (whether or not such period includes July 1, 1958),
22 determined in the same manner as the ad valorem equivalent
23 of rates not stated wholly in ad valorem terms is determined
24 for the purpose of paragraph (2) (D) (ii) of this sub-
25 section.

1 “(B) (i) In the case of any decrease in duty to which
 2 clause (i) of subparagraph (A) of this paragraph applies,
 3 such decrease shall become initially effective in not more
 4 than ~~(4)~~*five three* annual stages, and no amount of decrease
 5 becoming initially effective at one time shall exceed ~~(5)~~ *40*
 6 *5* per centum of the rate of duty existing on July 1, 1958;
 7 or, in any case in which the rate has been increased since
 8 that date, exceed such ~~(6)~~ *40* *5* per centum or one-third of
 9 the total amount of the decrease under the foreign trade
 10 agreement, whichever is the greater.

11 “(ii) In the case of any decrease in duty to which clause
 12 (ii) of subparagraph (A) of this paragraph applies, such
 13 decrease shall become initially effective in not more than
 14 ~~(7)~~*five three* annual stages, and no amount of decrease
 15 becoming initially effective at one time shall exceed 1 per
 16 centum ad valorem or, in any case in which the rate has been
 17 increased since July 1, 1958, exceed such 1 per centum or
 18 one-third of the total amount of the decrease under the foreign
 19 trade agreement, whichever is the greater.

20 “(iii) In the case of any decrease in duty to which
 21 clause (iii) of subparagraph (A) of this paragraph applies,
 22 such decrease shall become initially effective in not more
 23 than ~~(8)~~*five three* annual stages, and no amount of decrease
 24 becoming initially effective at one time shall exceed one-third

1 of the total amount of the decrease under the foreign trade
2 agreement.

3 (9)~~“(C)~~ In the case of any decrease in duty to which sub-
4 paragraph ~~(A)~~ of this paragraph applies, no part of a de-
5 crease after the first part shall become initially effective ~~(i)~~
6 until the immediately previous part shall have been in effect
7 for a period or periods aggregating not less than one year,
8 nor ~~(ii)~~ after the first part shall have been in effect for a
9 period or periods aggregating more than four years. If
10 any part of a decrease has become effective, then any time
11 thereafter during which such part of the decrease is not in
12 effect by reason of legislation of the United States or action
13 thereunder shall be excluded in determining when the four-
14 year period expires.”

15 “(C) In the case of any decrease in duty to which sub-
16 paragraph (A) of this paragraph applies, no part of a
17 decrease after the first part shall become initially effective
18 until the immediately previous part shall have been in effect
19 for a period or periods aggregating not less than one year.
20 No part of any decrease in duty to which the alternative
21 specified in subparagraph (A) (i) of this paragraph applies
22 shall become initially effective after the expiration of the
23 three-year period which begins July 1, 1958. If any part
24 of such decrease has become effective, then for the purposes
25 of the preceding sentence any time thereafter during which

1 *such part of the decrease is not in effect by reason of legisla-*
2 *tion of the United States or action thereunder shall be ex-*
3 *cluded in determining when the three-year period expires.”*

4 (b) Subsection (b) of section 350 of the Tariff Act of
5 1930, as amended (19 U. S. C., sec. 1351 (b)), is amended
6 (1) by striking out “exclusive” in the first sentence, and
7 (2) by amending paragraph (2) to read as follows:

8 “(2) In order to carry out a foreign trade agree-
9 ment entered into by the President on or after June 12,
10 1955, below the applicable alternative specified in sub-
11 section (a) (2) (C) or (D) or (4) (A) (subject
12 to the applicable provisions of subsection (a) (3) (B),
13 (C), and (D) and (4) (B) and (C)), each such
14 alternative to be read for the purposes of this paragraph
15 as relating to the rate of duty applicable to products of
16 Cuba. With respect to products of Cuba, the limitation
17 of subsection (a) (2) (D) (ii) or (4) (A) (iii)
18 may be exceeded to such extent as may be required to
19 maintain an absolute margin of preference to which such
20 products are entitled.”

21 (c) Paragraph (2) (A) of subsection (c) of section
22 350 of the Tariff Act of 1930, as amended (19 U. S. C.,
23 sec. 1351 (c) (2) (A)), is amended by striking out
24 “ ‘existing on January 1, 1945’ and ‘existing on January 1,
25 1955’ ” and by inserting in lieu thereof “ ‘existing on July 1,

1 1934', 'existing on January 1, 1945', 'existing on January 1,
2 1955', and 'existing on July 1, 1958'".

3 (d) Paragraph (1) of subsection (e) of section 350
4 of the Tariff Act of 1930, as amended (19 U. S. C., sec.
5 1351 (e) (1)), is amended by inserting after "(including
6 the incorporation therein of escape clauses)," the following:
7 "the results of action taken to obtain removal of foreign trade
8 restrictions (including discriminatory restrictions) against
9 United States exports, remaining restrictions, and the meas-
10 ures available to seek their removal in accordance with the
11 objectives of this section,".

12 (e) Section 350 of the Tariff Act of 1930, as amended
13 (19 U. S. C., sec. 1351), is amended by adding at the end
14 thereof the following new subsection:

15 "(f) It is hereby declared to be the sense of the Con-
16 gress that the President, during the course of negotiating
17 any foreign trade agreement under this section, should seek
18 information and advice with respect to such agreement from
19 representatives of industry, agriculture, and labor."

20 SEC. 4. (a) The third sentence of subsection (a) of sec-
21 tion 3 of the Trade Agreements Extension Act of 1951,
22 as amended (19 U. S. C., sec. 1360 (a)), is amended by
23 striking out "120 days" and inserting in lieu thereof "six
24 months". The last sentence of such subsection is amended

1 by striking out "120-day" and inserting in lieu thereof
2 "six-month".

3 (b) Subsection (b) of section 3 of the Trade Agree-
4 ments Extension Act of 1951, as amended (19 U. S. C.,
5 sec. 1360 (b)), is amended by adding at the end thereof
6 the following new sentence: "If in the course of any such
7 investigation the Commission shall find with respect to any
8 article on the list upon which a tariff concession has been
9 granted that an increase in duty or additional import re-
10 striction is required to avoid serious injury to the domestic
11 industry producing like or directly competitive articles, the
12 Commission shall promptly institute an investigation with
13 respect to that article pursuant to section 7 of this Act."
14 (10)(c) *Such subsection (b) is further amended by adding*
15 *at the end thereof the following:*

16 *"Each investigation of the Commission shall, without*
17 *excluding other factors, ascertain the average invoice price,*
18 *converted into currency of the United States in accordance*
19 *with the provisions of section 522 of the Tariff Act of 1930,*
20 *as amended, at which the foreign article is sold for export to*
21 *the United States on a country of origin basis, and the price*
22 *of like or directly competitive domestic articles when sold at*
23 *wholesale in the markets of the United States during the last*
24 *calendar year preceding such investigation. The Commis-*

1 *sion shall also estimate the maximum increase in annual im-*
 2 *ports which may occur without causing injury to the domes-*
 3 *tic industry producing like or directly competitive articles.*
 4 *The Commission shall request the executive departments and*
 5 *agencies for information in their possession concerning prices*
 6 *and other economic data from the principal supplier foreign*
 7 *country of each such article.”*

8 SEC. 5. (a) The first paragraph of subsection (a) of
 9 section 7 of the Trade Agreements Extension Act of 1951,
 10 as amended (19 U. S. C., sec. 1364 (a)), is amended by
 11 striking out “any interested party” and inserting in lieu
 12 thereof “any interested party (including any organization
 13 or group of employees) ”.

14 (b) (1) The first paragraph of section 7 (a) of such
 15 Act is amended by striking out “nine months” and inserting
 16 in lieu thereof “six months”.

17 (2) The amendment made by paragraph (1) shall
 18 apply only with respect to applications made after the date
 19 of the enactment of this Act.

20 **(11)**(c) *The first sentence of subsection (e) of section 7 of*
 21 *the Trade Agreements Extension Act of 1951, as amended*
 22 *(19 U. S. C., sec. 1364 (e)), is amended by inserting before*
 23 *the period at the end thereof a comma and the following:*
 24 *“or any group of producers of the raw or processed agri-*

1 *cultural or horticultural products from which any such*
2 *products or articles are produced”.*

3 **(12)**(d) *Subsection (a) of section 7 of such Act is amended*
4 *by striking out the third paragraph and inserting in lieu*
5 *thereof the following:*

6 *“Should the Tariff Commission find, as a result of its*
7 *investigation and hearings, that a product on which a con-*
8 *cession has been granted is, as a result, in whole or in part,*
9 *of the duty or other customs treatment reflecting such con-*
10 *cession, being imported in such increased quantities, either*
11 *actual or relative, as to cause or threaten serious injury to*
12 *the domestic industry producing like or directly competitive*
13 *products, it shall recommend to the President the withdrawal*
14 *or modification of the concession, its suspension in whole or*
15 *in part, or the establishment of import quotas, to the extent*
16 *and for the time necessary to prevent and remedy such in-*
17 *jury. The Tariff Commission shall not recommend any*
18 *increased duty which is more than 50 per centum above the*
19 *rate existing on July 1, 1934: Provided, however, That in*
20 *the case of a specific duty, the Commission may convert such*
21 *specific duty as it existed on July 1, 1934, to its ad valorem*
22 *equivalent on the basis of 1934 value as found by the Com-*
23 *mission, and the Commission may recommend that such ad*
24 *valorem rate be increased by not more than 50 per centum.”*

1 ~~(13)(e)~~ (e) Section 7 of the Trade Agreements Extension
 2 Act of 1951, as amended (19 U. S. C., sec. 1364), is
 3 amended by adding at the end thereof the following new
 4 subsection:

5 “(f) In carrying out the provisions of this section the
 6 President may, notwithstanding section 350 (a) (2) of the
 7 Tariff Act of 1930, as amended, impose a duty not in excess
 8 of 50 per centum ad valorem on any article not otherwise
 9 subject to duty.”

10 ~~(14)~~SEC. 6. Subsection ~~(e)~~ of section 7 of the Trade Agree-
 11 ments Extension Act of 1951, as amended ~~(19 U. S. C.,~~
 12 ~~sec. 1364 (e))~~, is amended by inserting “(1)” after “(e)”
 13 at the beginning thereof, and by adding at the end thereof
 14 the following:

15 “~~(2)~~ The action so found and reported by the Com-
 16 mission to be necessary shall take effect ~~(as provided in the~~
 17 ~~first sentence of paragraph (1) or in paragraph (3), as~~
 18 ~~the case may be)~~—

19 “~~(A)~~ if approved by the President, or

20 “~~(B)~~ if disapproved by the President in whole or
 21 in part, upon the adoption by both Houses of the Con-
 22 gress ~~(within the 60-day period following the date on~~
 23 ~~which the report referred to in the second sentence of~~
 24 ~~paragraph (1) is submitted to such committees)~~, by the
 25 yeas and nays by a two-thirds vote of each House, of

a concurrent resolution stating in effect that the Senate and House of Representatives approve the action so found and reported by the Commission to be necessary.

For the purposes of subparagraph (B), in the computation of the 60-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die.

“(3) In any case in which the contingency set forth in paragraph (2) (B) occurs, the President shall (within 15 days after the adoption of such resolution) take such action as may be necessary to make the adjustments, impose the quotas, or make such other modifications as were found and reported by the Commission to be necessary.”

SEC. 7. (a) The following subsections of this section are enacted by the Congress:

(1) As an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in such House in the case of resolutions (as defined in subsection (b)); and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) With full recognition of the constitutional right

1 of either House to change such rules (so far as relating
 2 to the procedure in such House) at any time, in the same
 3 manner and to the same extent as in the case of any other
 4 rule of such House.

5 ~~(b)~~ As used in this section, the term "resolution" means
 6 only a concurrent resolution of the two Houses of Congress,
 7 the matter after the resolving clause of which is as follows:
 8 "That the Senate and House of Representatives approved the
 9 action—

10 ~~"(1)~~ found and reported by the United States
 11 Tariff Commission to be necessary to prevent or remedy
 12 serious injury to the respective domestic industry, in its
 13 report to the President dated , 19 ; on
 14 its escape-clause investigation numbered under the
 15 provisions of section 7 of the Trade Agreements Extension
 16 Act of 1951, as amended (19 U. S. C., sec. 1364),
 17 and

18 ~~"(2)~~ disapproved by the President in whole or in
 19 part in his report (dated , 19) pursuant to
 20 the second sentence of paragraph ~~(1)~~ of section 7 ~~(c)~~
 21 of such Act."

22 the blank spaces therein being appropriately filled; and does
 23 not include a concurrent resolution which specifies more than
 24 one such investigation.

25 ~~(c)~~ A resolution with respect to an investigation shall

1 be referred to the Committee on Finance of the Senate or to
2 the Committee on Ways and Means of the House of Rep-
3 resentatives by the President of the Senate or the Speaker of
4 the House of Representatives, as the case may be.

5 ~~(d) (1)~~ If the committee to which has been referred
6 a resolution with respect to an investigation has not reported
7 it before the expiration of ten calendar days after its intro-
8 duction ~~(or, in the case of a resolution received from the~~
9 ~~other House, ten calendar days after its receipt)~~, it shall
10 then ~~(but not before)~~ be in order to move either to dis-
11 charge the committee from further consideration of such
12 resolution, or to discharge the committee from further con-
13 sideration of any other resolution with respect to such in-
14 vestigation which has been referred to the committee.

15 ~~(2)~~ Such motion may be made only by a person favor-
16 ing the resolution, shall be highly privileged ~~(except that it~~
17 ~~may not be made after the committee has reported a resolu-~~
18 ~~tion with respect to the same investigation)~~, and debate
19 thereon shall be limited to not to exceed one hour, to be equally
20 divided between those favoring and those opposing the reso-
21 lution. No amendment to such motion shall be in order,
22 and it shall not be in order to move to reconsider the vote
23 by which such motion is agreed to or disagreed to.

24 ~~(3)~~ If the motion to discharge is agreed to or disagreed
25 to, such motion may not be renewed, nor may another mo-

1 tion to discharge the committee be made with respect to
2 any other resolution with respect to the same investigation.

3 ~~(e) (1)~~ When the committee has reported, or has been
4 discharged from further consideration of, a resolution with
5 respect to an investigation it shall at any time thereafter be
6 in order (even though a previous motion to the same effect
7 has been disagreed to) to move to proceed to the considera-
8 tion of such resolution. Such motion shall be highly privi-
9 leged and shall not be debatable. No amendment to such
10 motion shall be in order and it shall not be in order to move
11 to reconsider the vote by which such motion is agreed to or
12 disagreed to.

13 ~~(2)~~ Debate on the resolution shall be limited to not to
14 exceed ten hours, which shall be equally divided between
15 those favoring and those opposing the resolution. A motion
16 further to limit debate shall not be debatable. No amend-
17 ment to, or motion to recommit, the resolution shall be in
18 order, and it shall not be in order to move to reconsider the
19 vote by which the resolution is agreed to or disagreed to.

20 ~~(f) (1)~~ All motions to postpone, made with respect to
21 the discharge from committee, or the consideration of, a reso-
22 lution with respect to an investigation, and all motions to
23 proceed to the consideration of other business, shall be
24 decided without debate.

1 ~~(2)~~ All appeals from the decisions of the Chair relating
 2 to the application of the rules of the Senate or the House of
 3 Representatives, as the case may be, to the procedure re-
 4 lating to a resolution with respect to an investigation shall
 5 be decided without debate.

6 ~~(g)~~ If, prior to the passage by one House of a resolu-
 7 tion of that House with respect to an investigation, such
 8 House receives from the other House a resolution with re-
 9 spect to the same investigation, then—

10 ~~(1)~~ If no resolution of the first House with respect
 11 to such investigation has been referred to committee,
 12 no other resolution with respect to the same investigation
 13 may be reported or ~~(despite the provisions of subsection~~
 14 ~~(d) (1))~~ be made the subject of a motion to discharge.

15 ~~(2)~~ If a resolution of the first House with respect
 16 to such investigation has been referred to committee—

17 ~~(A)~~ the procedure with respect to that or other
 18 resolutions of such House with respect to such in-
 19 vestigation which have been referred to committee
 20 shall be the same as if no resolution from the other
 21 House with respect to such investigation had been
 22 received; but

23 ~~(B)~~ on any vote on final passage of a resolution
 24 of the first House with respect to such investigation

1 the resolution from the other House with respect to
 2 such investigation shall be automatically substituted
 3 for the resolution of the first House.

4 SEC. (15)§ 6. (a) Section 2 of the Act entitled "An Act
 5 to extend the authority of the President to enter into trade
 6 agreements under section 350 of the Tariff Act of 1930, as
 7 amended", approved July 1, 1954, as amended by section
 8 7 of the Trade Agreements Extension Act of 1955 (19
 9 U. S. C., sec. 1352a), is amended to read as follows:

10 "SEC. 2. (a) No action shall be taken pursuant to sec-
 11 tion 350 of the Tariff Act of 1930, as amended (19
 12 U. S. C., sec. 1351), to decrease the duty on any article if
 13 the President finds that such reduction would threaten to
 14 impair the national security.

15 "(b) Upon request of the head of any Department or
 16 Agency, upon application of an interested party, or upon
 17 his own motion, the Director of the (16)Office of Defense
 18 Mobilization *Office of Defense and Civilian Mobilization*
 19 (hereinafter in this section referred to as the 'Director')
 20 shall immediately make a appropriate investigation, in the
 21 course of which he shall seek information and advice from
 22 other appropriate Departments and Agencies, to determine
 23 the effects on the national security of imports of the article
 24 which is the subject of such request, application, or motion.
 25 If, as a result of such investigation, the Director is of the

1 opinion that the said article is being imported into the
2 United States in such quantities or under such circumstances
3 as to threaten to impair the national security, he shall
4 promptly so advise the President, and, (17)*if unless* the
5 President determines that the article is (18)*not* being im-
6 ported into the United States in such quantities or under
7 such circumstances as to threaten to impair the national
8 security (19)*as set forth in this section*, he shall take such
9 action, and for such time, as he deems necessary to adjust
10 the imports of such article (20)*and its derivatives* so that
11 such imports will not (21)*so* threaten to impair the national
12 security.

13 “(c) For the purposes of this section, the Director and
14 the President shall, in the light of the requirements of na-
15 tional security and without excluding other relevant factors,
16 give consideration to domestic production needed for pro-
17 jected national defense requirements, the capacity of domes-
18 tic industries to meet such requirements, existing and antic-
19 ipated availabilities of the human resources, products, raw
20 materials, and other supplies and services essential to the
21 national defense, the requirements of growth of such indus-
22 tries and such supplies and services including the invest-
23 ment, exploration, and development necessary to assure such
24 growth, and the importation of goods in terms of their
25 quantities, availabilities, character, and use as those affect

1 such industries and the capacity of the United States to meet
2 national security requirements. (22) *In the administration of*
3 *this section, the Director and the President shall further*
4 *recognize the close relation of the economic welfare of the*
5 *Nation to our national security, and shall take into consid-*
6 *eration the impact of foreign competition on the economic*
7 *welfare of individual domestic industries; and any unemploy-*
8 *ment, decrease in revenues of government, loss of skills or*
9 *investment, or other serious effects resulting from the dis-*
10 *placement of any domestic products by excessive imports shall*
11 *be considered, without excluding other factors, in determining*
12 *whether such weakening of our internal economy may impair*
13 *the national security.*

14 “(d) A report shall be made and published upon the
15 disposition of each request, application, or motion under
16 subsection (b). The Director shall publish procedural regu-
17 lations to give effect to the authority conferred on him by
18 subsection (b).

19 “(e) The Director, with the advice and consultation of
20 other appropriate Departments and Agencies and with the
21 approval of the President, shall by February 1, 1959, submit
22 to the Congress a report on the administration of this section.
23 In preparing such a report, an analysis should be made of
24 the nature of projected national defense requirements, the
25 character of emergencies that may give rise to such require-

1 ments, the manner in which the capacity of the economy to
2 satisfy such requirements can be judged, the alternative
3 means of assuring such capacity and related matters.”

4 (b) The amendment made by subsection (a) shall not
5 affect any action taken or determinations made before the
6 date of the enactment of this Act.

7 SEC. ~~(23)~~9 7. (a) Subsection (a) of section 333 of the
8 Tariff Act of 1930 (19 U. S. C., sec. 1333 (a)) is amended
9 to read as follows:

10 “(a) AUTHORITY TO OBTAIN INFORMATION.—For the
11 purposes of carrying out its functions and duties in connection
12 with any investigation authorized by law, the commission
13 or its duly authorized agent or agents (1) shall have access
14 to and the right to copy any document, paper, or record,
15 pertinent to the subject matter under investigation, in the
16 possession of any person, firm, copartnership, corporation,
17 or association engaged in the production, importation, or dis-
18 tribution of any article under investigation, (2) may sum-
19 mon witnesses, take testimony, and administer oaths, (3)
20 may require any person, firm, copartnership, corporation,
21 or association to produce books or papers relating to any
22 matter pertaining to such investigation, and (4) may require
23 any person, firm, copartnership, corporation, or association
24 to furnish in writing, in such detail and in such form as the
25 commission may prescribe, information in their possession

1 pertaining to such investigation. Any member of the com-
 2 mission may sign subpoenas, and members and agents of the
 3 commission, when authorized by the commission, may admin-
 4 ister oaths and affirmations, examine witnesses, take testi-
 5 mony, and receive evidence.”

6 (b) Subsection (d) of section 333 of the Tariff Act of
 7 1930 (19 U. S. C., sec. 1333 (d)) is amended by striking
 8 out “under Part II of this title” and inserting in lieu thereof
 9 “before the commission”.

10 (c) (1) Subsection (a) of section 336 of the Tariff Act
 11 of 1930 (19 U. S. C., sec. 1336 (a)) is amended by striking
 12 out the third sentence thereof. The first sentence of subsec-
 13 tion (c) of section 337 of the Tariff Act of 1930 (19
 14 and in accordance with such rules as it may promulgate”.

15 (2) Part II of title III of the Tariff Act of 1930 (19
 16 U. S. C., sec. 1337 (c)) is amended by striking out “under
 17 U. S. C., sec. 1330, et seq.) is amended by inserting after
 18 section 334 the following new section:

19 **“SEC. 335. RULES AND REGULATIONS.**

20 “The commission is authorized to adopt such reasonable
 21 procedures and rules and regulations as it deems necessary to
 22 carry out its functions and duties.”

23 SEC. (24)10 8. The enactment of this Act shall not be
 24 construed to determine or indicate the approval or dis-

1 approval by the Congress of the executive agreement known
2 as the General Agreement on Tariffs and Trade.

3 **(25)**SEC. 9. (a) *There is hereby established a bipartisan*
4 *commission to be known as the Commission on International*
5 *Trade Agreement Policy.*

6 (b) (1) *The Commission shall be composed of nine*
7 *members as follows:*

8 (A) *three appointed by the President of the United*
9 *States none of whom shall be from the executive branch*
10 *of the Government;*

11 (B) *three appointed from the Finance Committee*
12 *of the Senate by the Vice President; and*

13 (C) *three appointed from the Committee on Ways*
14 *and Means of the House of Representatives by the*
15 *Speaker of the House of Representatives.*

16 (2) *No more than two members from each class shall be*
17 *from the same political party.*

18 (c) *The Commission shall elect a chairman and vice*
19 *chairman from among its members.*

20 (d) *Six members of the Commission (including at least*
21 *four who are Members of Congress) shall constitute a quorum.*

22 (e) (1) *Members of Congress who are members of the*
23 *Commission shall serve without compensation in addition to*
24 *that received for their services as Members of Congress; but*
25 *they shall be reimbursed for travel, subsistence, and other*

1 *necessary expenses incurred by them in the performance of*
2 *the duties vested in the Commission.*

3 (2) *The members from private life shall receive not to*
4 *exceed \$75 per diem when engaged in the performance of*
5 *duties vested in the Commission, plus reimbursement for*
6 *travel, subsistence, and other necessary expenses incurred by*
7 *them in the performance of such duties.*

8 (f) (1) *The Commission may appoint such personnel*
9 *as it deems advisable, without regard to the civil service laws,*
10 *and shall fix the compensation of such personnel in accord-*
11 *ance with the Classification Act of 1949, as amended. The*
12 *Commission may procure temporary and intermittent services*
13 *in accordance with section 15 of the Act of August 2, 1946*
14 *(5 U. S. C., sec. 55a), but at rates not to exceed \$75 per*
15 *diem for individuals. The Commission may reimburse em-*
16 *ployees, experts, and consultants for travel, subsistence, and*
17 *other necessary expenses incurred by them in the perform-*
18 *ance of their official duties and make reasonable advances*
19 *to such persons for such purposes.*

20 (2) *Except for members of the Commission appointed*
21 *by the Vice President or the Speaker of the House, service of*
22 *an individual as a member of the Commission, employment*
23 *of an individual pursuant to the first sentence of paragraph*
24 *(1), and service by a person pursuant to the second sentence*

1 of paragraph (1), shall not be considered as service or em-
2 ployment bringing such person within the provisions of section
3 281, 283, or 284, of title 18 of the United States Code, or
4 of any other Federal law imposing restrictions, requirements,
5 or penalties in relation to the employment of persons, the
6 performance of services, or the payment or receipt of com-
7 pensation in connection with any claim, proceeding, or matter
8 involving the United States.

9 (g) There is hereby authorized to be appropriated, out
10 of any money in the Treasury not otherwise appropriated, so
11 much as may be necessary to carry out the provisions of this
12 section.

13 (h) (1) On or before June 30, 1959, the Commission
14 shall make a preliminary report of its findings to the Presi-
15 dent and to the Congress; and on or before June 30, 1960,
16 the Commission shall make a final report of its findings and
17 recommendations to the President and to the Congress.

18 (2) Ninety days after the submission to the Congress
19 of the final report provided for in paragraph (1) the Com-
20 mission shall cease to exist.

21 (i) (1) The Commission is directed to investigate and
22 report on the international trade agreement policy of the
23 United States and to recommend improvements in policies,
24 measures, and practices.

1 (2) Without limiting the general scope of the investiga-
2 tion the Commission shall consider and report on the follow-
3 ing matters:

4 (A) the number of labor hours lost by expanded
5 imports through concessions granted in trade agree-
6 ments, as balanced against the increased labor hours
7 resulting from expansion of exports through concessions
8 received from foreign countries;

9 (B) the effect of tariff reductions under past trade
10 agreements on small and local industries;

11 (C) what industries may become vulnerable and
12 what industries would not be vulnerable to decrease of
13 employment and production if present trends of foreign
14 competition continue;

15 (D) the possible effect of the exportability of Ameri-
16 can capital (whether direct or by private or govern-
17 mental loans), equipment, and technical experience into
18 other countries;

19 (E) the extent to which the products of such ex-
20 ported facilities have entered the American market or
21 otherwise affected American production and employment;

22 (F) the extent to which the United States has used
23 up its bargaining margin, including the extent to which
24 tariff rates have been reduced and potential future reduc-
25 tion;

(G) the possibility of a reduced rate of exports due to more rapid inflation of the cost of labor, materials, and other elements of production in the United States than in foreign countries;

(H) the desirability in special cases of employing quotas rather than tariff adjustments; and

(I) the extent of existing authority for trade adjustment assistance for industries adversely affected by foreign trade policies and the need for additional legislation.

(3) The Commission shall also investigate and report on the desirability of bringing about to the fullest extent possible a relationship between (A) duties and other import restrictions on foreign articles, and (B) wages paid workers in the production of such articles as compared with wages paid workers in the United States in the production of like or directly competitive articles.

(j) (1) The Commission or, on the authorization of the Commission, any subcommittee or member thereof, shall have power to hold hearings and to sit and act at such times and places, within the United States or elsewhere, to take such testimony, and to make such lawful expenditures, as the Commission or such subcommittee or member may deem advisable.

(2) The Commission is authorized to request from any department, agency, or independent instrumentality of the

1 *Government any information it deems necessary to carry out*
2 *its functions under this section; and each such department,*
3 *agency, and instrumentality is authorized to furnish such*
4 *information to the Commission, upon request made by the*
5 *Chairman or by the Vice Chairman when acting as*
6 *Chairman.*

7 (26) SEC. 10. *For the purpose of sections 6 and 7 of the*
8 *Trade Agreements Extension Act of 1951, as amended (19*
9 *U. S. C. 1363, 1364), the Tariff Commission shall include*
10 *in its investigations the possibilities for alternative employ-*
11 *ment for the production facilities and workers involved and*
12 *shall report fully to the President the nature and extent of*
13 *adjustment difficulties that have been occasioned by any con-*
14 *cession made pursuant to section 350 of the Tariff Act*
15 *of 1930, as amended (19 U. S. C. 1351). If the President*
16 *refrains from increasing the protection afforded producers*
17 *pursuant to an escape clause recommendation, he shall, to*
18 *such extent as may be desirable and practicable, make full*
19 *use of all available procedures heretofore or hereafter author-*
20 *ized by law, to avoid or ameliorate the economic hardships*
21 *which particular communities, industries, enterprises, and*
22 *individuals may suffer in the adjustment of their productive*
23 *activities to the economic conditions created by our national*
24 *trade policy, particularly by the lowering of trade barriers*
25 *pursuant to section 350 of the Tariff Act of 1930, as*

1 *amended (19 U. S. C. 1351). If the President considers*
2 *existing executive authority to be inadequate for this pur-*
3 *pose, he is requested to submit to the Congress proposals*
4 *for supplementary legislation.*

Passed the House of Representatives June 11, 1958.

Attest:

RALPH R. ROBERTS,
Clerk.

Passed the Senate with amendments July 22, 1958.

Attest: FELTON M. JOHNSTON,
Secretary.

AN ACT

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 22, 1958

Ordered to be printed with the amendments of the
Senate numbered

EXTENSION OF TRADE AGREEMENTS ACT

Mr. FREAR. Mr. President, I have a definite interest in the recent comments made on the floor by the Senator from Indiana [Mr. CAPEHART] with respect to his amendment to House bill 12591, since the amendment is closely related to the purpose of Senate bill 808, of which I am a cosponsor.

My interest, like that of the Senator from Indiana, originated from our experiences during a trade-study tour of Latin American countries which we made together in 1953.

Since that time, other evidence which has come to our attention shows that competition difficulties for United States manufacturers, which were prevalent then, have been increasing.

The larger manufacturers in this country have been able to meet the competition of low-labor-cost countries more successfully than have our smaller manufacturers, partially because of the ability of the former to comply with the established requirements of the Western Hemisphere Trade Corporation Act.

Smaller manufacturers have had less success in meeting the competition, because in so many instances the volume of their exports is not sufficient to warrant the cost of complying with the requirements of the act.

All the arguments supporting a change in the act to clarify the original intent of Congress and to eliminate the existing inequity were ably propounded by the Senator from Indiana [Mr. CAPEHART].

I should like to add a point pertinent to the discussions on the reciprocal trade bill: Our Western Hemisphere friends often would prefer United States products, but find that specialized machinery and tools made by smaller manufacturers are unavailable to them because of the great differential in price, as against the same products from certain other countries.

On our study tour, we witnessed many instances of this kind, and since then more cases of a like nature have come to my attention.

It strikes me, Mr. President, that Congress can hardly consider a reciprocal trade bill without taking into consideration, in that connection, the correction of any existing export-trade inequities.

I am sure Congress never intended there should be discrimination under the original act; and I am equally certain that if such inequities do exist, this Congress will eliminate them.

Mr. President—

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The Senator from Delaware.

NOMINATION OF MISS BERTHA ADKINS TO BE UNDER SECRETARY OF HEALTH, EDUCATION, AND WELFARE

Mr. FREAR. Mr. President, let me say that I believe the President has made a very fine choice in his selection for the Under Secretary of Health, Education, and Welfare. I have known

Miss Bertha Adkins for a number of years, and I have known her family. I believe she will be a great asset to the President's Cabinet.

AN ANALYSIS OF THE SOVIET CULTURAL OFFENSIVE

Mr. WILEY. Mr. President, I am always interested to read the bimonthly publication known as Problems of Communism.

It is issued by the United States Information Agency and contains a wide variety of expert analyses from various sources as regards trends in world communism.

In the July-August issue, there is an article by the author of the book Soviet Russian Nationalism, Prof. Frederick C. Barghoorn, of Yale University.

The article is entitled "The New Cultural Diplomacy." It is based upon another book which, I understand, is now in the process of preparation.

The article analyzes both the strengths and the weaknesses of the Soviet cultural offensive. It points out the internal contradictions of that offensive.

I believe that it will be illuminating to my colleagues; particularly in connection with authorizations and appropriations to our State Department and the United States Information Agency to combat Soviet cultural propaganda and exchange.

I ask unanimous consent that the text of the article be printed at this point in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE NEW CULTURAL DIPLOMACY (By Frederick C. Barghoorn)¹

Non-communist scholars and journalists have recently directed increasing attention to the Soviet policy of "trade and aid" as an important aspect of post-Stalin foreign policy. There is no doubt that economic inducements have been responsible in part for Moscow's considerable impact on political opinion in some of the underdeveloped countries since 1953. In the long run, however, Soviet foreign economic policy may be no more significant a factor in world politics than Moscow's foreign cultural policy—that is, its current concerted campaign to "win friends and influence people" through political-cultural appeals and contacts. As avenues of influence, the two approaches seem to be accorded approximately equal importance in the Kremlin's view, and they are usually coupled in major Soviet policy statements.

For example, the slogans issued by the Central Committee of the Soviet CP for the fortieth anniversary of the October Revolution called for the "development of economic and cultural relations with all countries." Similarly, Anastas I. Mikoyan, in his speech at the 20th CPSU Congress in February 1956 emphasized that the Soviet Union needed more experts in the economics and cultures as well as the languages of Eastern countries

¹ Mr. Barghoorn is professor of political science at Yale University (New Haven, Connecticut), and author, among other works, of Soviet Russian Nationalism (Oxford University Press, 1956). The article above is drawn from a book now in preparation.

² Slogan No. 40, Pravda, October 13, 1957, p. 1.

because of the rapid growth of Soviet contacts with the East.³

Keeping in mind the vital link between Moscow's economic and cultural offensives, the present paper will single out for examination those features of Soviet policy which underscore the Communists' cultural strategy vis-a-vis newly developing countries, and particularly certain key countries of Asia and Africa. In vastness of scope and subtlety of method the strategy is a new one. In its ultimate objective, however, it is as old as Leninism. The long-run purpose of Soviet cultural exchanges with underdeveloped countries is to smooth the path for the Communists' eventual accession to power. The short-run objectives of the strategy are several. Perhaps the most obvious is to present to the peoples, and particularly to the intellectuals, of these countries an appealing image of Soviet life and culture and of Soviet domestic and foreign policy. A closely related objective is to establish cultural and organizational links between Soviet scientific, technical, and academic institutions and corresponding groups or individuals in the target countries. An attempt is also made to use cultural exchanges to influence the policies and attitudes of political leaders. Finally, cultural diplomacy supports other Soviet efforts to reduce and, if possible, eliminate Western, especially United States, influence in Asia, Africa, and even in Latin America.

Since the death of Stalin, contacts of many kinds between the Soviet Union and non-Communist countries, both Eastern and Western, have increased substantially. An important index of Moscow's shifting attitude has been the great increase in foreign visitors to the U. S. S. R. According to Izvestia for April 29, 1955, only 4,000 guests had entered the Soviet Union in the decade after World War II, while 1,000 Soviet citizens had traveled abroad. The same newspaper for February 18, 1958, reported that members of cultural and other official delegations alone had amounted to 22,000 visitors in 1954-55 and 25,000 in 1956-57, not counting 34,000 visitors to the Sixth World Festival of Youth in the summer of 1957. Very much larger figures obtain if tourists, officials, businessmen, and other groups are included; in fact, Pravda for April 4, 1958, stated that over a half million foreigners had been in the Soviet Union during the previous year. The same period has seen a large, though by no means comparable, increase in the number of official Soviet delegations sent abroad.

Direct contacts through visits have been accompanied by growing attention in the press and other communications media to cultural relations with foreign countries. While in sheer numbers of exchanges, Soviet contacts with Western Europe and the United States have bulked much larger than those with Asia, Africa and Latin America, the Soviet press has devoted far more coverage to the latter in terms of percentage of newspaper space. For example, during the 4 years 1954-57, 196 India delegations visited the Soviet Union, compared to 348 from France and 368 from Great Britain; however, Pravda's reportage on exchanges with India got twice as much space as those with France and considerably more than those with Great Britain.

In the case of the less industrialized countries—Khrushchev has called them the "weakly developed countries"—increased contacts and press attention were accompanied by a dramatic turn toward courtesy and correctness in relations with the bour-

³ XX sezd kommunisticheskoi partii sovetkovo soyuza (20th Congress of the Communist Party of the Soviet Union), Gospolitizdat, Moscow, 1956, Vol. I, p. 324.

⁴ These ratios are the author's own calculations, based on available data on exchanges and a careful culling of Pravda.

geous governments headed by such men as Prime Minister Nehru of India, President Sukarno of Indonesia and President Nasser of Egypt. This altered treatment of governments formerly denounced as lackeys of imperialism facilitated such events as the Nehru visit to the Soviet Union in 1955, the 1955 visit of Messrs. Khrushchev and Bulganin to India, Burma and Afghanistan, and—as the latest in a long line—Mr. Nasser's recent Russian trip.

CONTRADICTIONS IN OFFICIAL POLICY

The partial opening of Russia and the accompanying normalization of its relations with certain countries has not, however, brought any repudiation of Leninist world revolutionary concepts in Moscow. On the contrary, the period since the death of Stalin has been marked by a return to some of Lenin's most messianic and potentially explosive political concepts. Revolutionary expansionism is again the order of the day, only it is pursued by vastly more subtle tactics, combining high-level diplomacy and the advertisement of selected aspects of Soviet life and culture with an astute effort to exploit the ascendant forces of nationalism, anti-colonialism and social unrest in the underdeveloped countries.

The contrast between Moscow's long- and short-run aims—or perhaps more correctly its real and professed aims—was aptly demonstrated in Nikita Khrushchev's public speech at the 20th CPSU Congress in February 1956.⁵ In one section of the speech, entitled "The Collapse of the Colonial System of Imperialism," Khrushchev appealed to assorted sentiments through extended tributes hailing the "rebirth" of India, the Arab East and Southeast Asia, the "awakening" of the peoples of Africa, and the "intensification of the national liberation movement in Brazil, Chile and other countries of Latin America." In a seeming effort to prod racial and anti-Western sensibilities, he then contrasted Asia's position today to an earlier period in which, he emphasized, international relations had been determined "primarily by people of the white race." He went on to declare that there were "great opportunities" for the "countries of socialism" in the contemporary situation; specifically, the Soviet Union could assist former colonies in achieving "economic independence," in training a technical intelligentsia and in restoring and further developing their "ancient national cultures."

The sincerity—or at least the permanency—of this professed support for the independence of newly emergent nations ought to be judged, however, against other statements in the speech. Elsewhere Khrushchev bluntly reiterated Communist belief in the necessity of revolution, reminding his audience of Leninism's teaching that established authority does not give up its power voluntarily. To be sure, he added, it might be possible in some countries to elect "socialist" governments "legally." Once in power in any country, the "working class" could convert parliaments "from organ[s] of bourgeois democracy into real instrument[s] of the popular will."

The theoretical and propaganda implications of Khrushchev's speech and its relationship to Communist international cultural policy were set forth with surprising frankness in subsequent articles in the most authoritative Soviet periodicals. One of the most significant of these articles was an 8-page piece by the leading Soviet expert on the Far East, E. Zhukov, who borrowed Khrushchev's title, "The Collapse of the Colonial System of Imperialism."⁷ Zhukov clearly inferred that in the present stage

of world history Moscow could make good use of Asian, African and Latin American nationalism and anti-colonialism toward its own ends. The national liberation movement, he stated, was weakening the world capitalist system. Thus the major task of Communist parties in countries such as India and Indonesia was to support measures to strengthen the economic independence and national sovereignty of their countries. In contrast to past directives urging militant subversion and revolutionary tactics, Communist parties were now advised to collaborate with all progressive social forces and to display tact toward representatives of bourgeois nationalist movements. In this connection, Zhukov praised Prime Minister Nehru, but took pains to stress an earlier statement made by Khrushchev (during his 1955 visit to India) noting that Nehru's proposed socialist path for India was different from the Soviet conception of socialism.

Zhukov also included in his article a quotation from Lenin to the effect that the countries of the East had entered a stormy path of development which must intensify the crisis of capitalism everywhere. Perhaps his most significant statement was a confident assertion that " * * * The active role of the working class and of its militant advance guard, the Communist Party, is increasing everywhere; it is natural, therefore, to expect that in the future the working class will achieve universal predominance in this struggle. This, however, is a long and complicated process."

THE CALL TO ARMS

Beginning in 1955 the Kremlin started issuing directives to Soviet experts on Asia and Africa to reorient their work in the light of the new political opportunities that were opening up for Soviet penetration of these continents. The scholars at first responded slowly, perhaps fearful of overcommitting themselves to what, in the light of previous purges, may have seemed like a risky and temporary new line. The regime attempted to spur confidence by sanctioning the reestablishment of *Sovetskoe Vostokovedenie*, a once noted periodical on Asian and African studies which had been suspended for almost 20 years; its publication was resumed in April 1955. In further exhortations, Soviet orientalists were chided for having denounced Turkish Kemalism and Indian Ghandhism, and for having failed to see the "progressive" aspects of the movement led by Colonel Nasser in Egypt.

The initial lack of response to the new line was scored by Anastas Mikoyan in his speech at the 20th Congress. Specifically, Mikoyan criticized the Institute for Oriental Studies of the Soviet Academy of Sciences for its alleged failure to understand its new tasks. After Mikoyan's speech, the institute was drastically reorganized and expanded, and B. G. Gafurov, a prominent Tadjik politician and a member of the Central Committee of the Communist Party of the Soviet Union, was placed at its head.

Gafurov delivered a report in June 1957 at an All-Union Conference of Orientalists in Tashkent in which he demanded, in effect, that Soviet scholars produce material useful to the Kremlin in carrying out its policy of persuasion and penetration in Asia and Africa. Among other tasks, Soviet scholars were to explode theories, vaguely labeled "bourgeois," alleging "organic backwardness of the peoples of the East." They also were to demonstrate how the "Republics of the Soviet East" had, with the active

help of the Great Russian people, overcome their former backwardness in the shortest possible time and had become "the lighthouse of communism in the East." While exposing the machinations of "imperialism" and vigorously resisting "any manifestation of bourgeois ideology," Soviet scholars should express their sympathy and understanding for the "anti-imperialist struggle of the workers," which would be headed "at a certain stage" by the "national bourgeoisie."¹⁰

READY SMILES AND RED CARPETS

Spurred by pressure from above, Soviet diplomats, scholars, artists, scientists, athletes, and engineers set out to smile their way into the hearts of Asians and Africans. Two major techniques have played a particularly prominent role in this many-sided effort. One combines the aforementioned exchange visits with the publicizing of those Soviet achievements most calculated to impress Asians, Africans, and Latin Americans in view of their own needs and aims. The other and closely related technique is the careful cultivation of the predispositions and susceptibilities of peoples whose traditions, aspirations, and grievances have been very thoroughly studied.

The reception accorded Prime Minister Nehru of India during his visit to the Soviet Union in May and June 1955 was a major and highly instructive exercise in the new cultural diplomacy. The path toward diplomatic correctness and even toward cordial cultural relations with India had been paved by a number of significant Soviet actions extending as far back as 1951. In that year an Indo-Soviet cultural society was established, following the return of a group of Indian intellectuals from a visit to the U. S. S. R.; though there was much suspicion of its Communist orientation—at least until the Moscow line toward Gandhi and Nehru changed—the society was quite successful in some of its activities, such as the showing of Soviet films. On another tack, a large-scale Russian translation program of works by Indian classical and modern authors got underway even before the death of Stalin, and was subsequently vastly expanded.

In connection with Mr. Nehru's visit, *Kommunist* (No. 9, 1955), the main theoretical organ of the Soviet Communist Party, published a very favorable review of the Prime Minister's book, *The Discovery of India*, entitling the commentary, "A Book on the Great Indian People." On May 31, a few days before Nehru's arrival, a monument was unveiled to the 15th-century Russian traveler to India, Afanasi Nikitin, in the presence of the Indian ambassador and the Soviet Minister of Culture. The Soviet press emphasized that Nikitin had been the first European to visit India with a friendly purpose.¹¹

While Mr. Nehru was in the Soviet Union, everything possible was done to impress him with the friendliness of the Soviet people and their leaders. No small detail was overlooked. For example, Indian songs were sung by Russian youngsters and Soviet interpreters were provided to translate Mr. Nehru's speeches from his native Hindustani.¹² As far as ordinary citizens were concerned, the cordiality displayed toward Nehru was undoubtedly sincere; as on many other occasions, the natural hospitality of the Russian people served their rulers to good political advantage.

¹⁰ B. B. Gafurov, "O perspektivakh razvitiia sovetskovo vostokovedeniia" (On the Perspectives of Development of Soviet Eastern Studies) *Sovetskoe Vostokovedenie* No. 3, 1957, p. 7-17.

¹¹ See *Pravda*, June 1, 1955; *Sovetskaia Kultura*, June 2, 1955.

¹² *Pravda*, June 8, 1955; almost the whole front page of this issue was devoted to Nehru's arrival.

⁵ Twentieth Congress, loc. cit., pp. 24-25.

⁶ *Ibid.*, pp. 39-40.

⁷ E. Zhukov, "Raspad kolonialnoi sistemy imperializma," *Partiinaiia Zhizn*, No. 16, August 1956, pp. 41-48.

⁸ For surveys of earlier phases in this development see Walter Z. Laqueur, "The Shifting Line in Soviet Orientalism," *Problems of Communism*, vol. V, No. 2 (March-April), 1956; and a series of items in *Soviet Culture* (now *Soviet Survey*) published by the Congress for Cultural Freedom, Paris, esp. Nos. 4 and 5, May-June 1956.

⁹ Twentieth Congress, loc. cit.

rice producers some acreage relief in 1959 will be persuasive. Every possible effort is being made to prevent any widespread knowledge of the provisions of the bill from becoming widely known prior to Senate floor consideration. The first effort by its proponents was to rush the bill through to passage even before Alaska was admitted to the Union.

Senator HUMPHREY stopped that by putting up a flag in the Democratic Policy Committee that the bill was controversial. Now it would appear that the bill will not be debated prior to the middle of next week and probably not until July 11.

However, the committee report does not explain the true nature of the bill, but wraps the whole thing up in soothing sirup, as you can tell from reading it. Time was not adequate for HUMPHREY, PROXMIER, and SYMINGTON to make a complete and comprehensive analysis of the bill in drafting their minority views.

This bill goes a long ways in the direction of adopting the major provisions that Benson and Eisenhower recommended at the beginning of the session. In fact, the bill differs only in minor particulars for the commodities to which the principles are applied in the bill.

Support levels of proposed bill compared with that which would otherwise be in effect for 1959 are shown in the following table:

	Existing program	Proposed for 1959 in Senate bill
Cotton.....per pound..	\$0.35	\$0.29
Rice.....per hundredweight..	4.72	4.33
Corn.....per bushel..	1.36	1.10
Sorghum grain.....per hundredweight..	1.83	1.60
Oats.....per bushel..	.61	.57
Rye.....do..	1.10	.96
Barley.....do..	.93	.90

In later years, of course, the prices of all these commodities would fall from year to year until the free-market price stabilized at the world price or whatever other level it might stabilize at. Serious as these specific weaknesses of the Senate bill are, they are outweighed by the long-term implications discussed above.

Since the Senate bill, if enacted into law, sets up the economic and political time bombs that could and probably would return all farmers to the unregulated, unaided free market, it seems to me that this would largely open the way to usher in the era of farming by vertically integrated nonfarm corporate management, probably most commonly chainstores.

Unless the trend in that direction were stemmed and changed, it would spell the doom of the family farm and family farm rural communities as we have known them. The agricultural producers then would not need farm organizations, but a specialized type of bargaining agency somewhat similar to industrial labor unions.

(Prepared by J. A. Baker.)

WASHINGTON, D. C., July 14, 1958.

Hon. WILLIAM LANGER,
United States Senate,
Washington, D. C.:

The American Farm Bureau Federation supports the principal provisions of S. 4071. We recommend that you oppose crippling amendments that would jeopardize final enactment of this urgently needed legislation. We fear that the provision of the bill establishing fixed permanent minimum price floors might prevent its successful operation; therefore, we favor an amendment terminating such artificially fixed-price floors for cotton and rice in 1962 and for corn and other feed grains in 1960. If wool bill, S. 2861, is offered as amendment to S. 4071,

recommend support amendment by Senator BENNETT to provide that at least one-third of the sheep producers participate in the referendum to make results legally binding on every producer.

CHARLES B. SHUMAN,
President, American Farm
Bureau Federation.

The PRESIDING OFFICER. Is there further morning business?

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there further morning business? If not, morning business is concluded, and the Chair lays before the Senate the unfinished business.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Texas [Mr. JOHNSON], the Senator from California [Mr. KNOWLAND], and other Senators to strike out sections 6 and 7.

The unanimous-consent agreement is now in effect and controls the time.

Mr. KNOWLAND. Mr. President, I yield 10 minutes to the Senator from Nevada [Mr. MALONE].

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KERR. Who has control of the time on this question?

Mr. JOHNSON of Texas. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. I just addressed a parliamentary inquiry to the Chair. I shall be glad to get the information anywhere I can.

Mr. JOHNSON of Texas. The unanimous-consent agreement appears on the front page of the Senate Calendar.

The PRESIDING OFFICER. Let the Chair read what the agreement provides:

Provided, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Under that agreement, it is the Chair's opinion that the time will be controlled by the majority leader and the minority leader.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KERR. Are both the majority leader and the minority leader joint authors of the motion to strike?

The PRESIDING OFFICER. The Chair is so informed.

Mr. KERR. And two of the movers control the time both in favor of and in opposition to the motion?

Mr. KNOWLAND. Mr. President, if the Senator will yield, I should like to say this is a customary unanimous-consent agreement. Certainly, so far as the majority and minority leaders are concerned, the time in opposition to the amendment will be yielded to those Senators who are opposed to the amendment; and acting on the only request I have had up to this time, I have just yielded 10 minutes to the Senator from Nevada [Mr. MALONE], who is opposed to the amendment. So far as we are concerned, additional time will be yielded to any other Senators who are in opposition to the amendment.

Mr. JOHNSON of Texas. Mr. President, I agree with what the Senator from California has said, and make this additional statement: As is known by Senators who have been present when unanimous-consent agreements have been entered into through the years, it is not particularly important who physically rises to yield time provided there is a fair distribution of time between the two sides.

The minority party for many years felt that unless they had control of the time for the minority, there were occasions when they could not voice their opposition. So we have a routine, formal, mimeographed consent agreement which for several years we have been using.

So far as I know, no Senator who has desired time has ever been deprived of any time because the majority and minority leaders controlled the time; but in case those who are opposed to the amendment do not have all the time they want under the unanimous-consent agreement, or in case some of them who are seeking time do not get the attention and approval of the minority leader in the allocation of the time, I am prepared to yield a part of the time, either on the bill or on the amendment, to the opposition, which we frequently do in order to see that each Senator is taken care of and has such time as he may desire.

Mr. KERR. I thank the majority leader and the minority leader for their frank and able and lucid statements. I wish to say that I was not seeking in any way to cast the slightest reflection on either of them, because if there are two Senators in whose integrity and fairness I have confidence, it is the majority and the minority leaders. I was just struck with the significance of the fact that the two leading Members of the Senate, being joint authors of the motion to strike, controlled the time both for and against the motion to strike; and I hoped that fact alone would not add to the already tremendous persuasiveness which they have in influencing the Members in their votes.

Mr. JOHNSON of Texas. I doubt that much prestige will flow from the authority to be recognized and yield time.

Mr. President, I ask unanimous consent that the time we have consumed thus far be charged to neither side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Nevada is recognized for 10 minutes.

THE JOHNSON-KNOWLAND AMENDMENT TO PREVENT CONGRESS FROM EXERCISING ANY AUTHORITY TO PREVENT AMERICAN JOBS TRANSFERRED TO FOREIGN NATIONS

Mr. MALONE. Mr. President, the amendment offered by the majority and minority leaders of the Senate Mr. JOHNSON, of Texas, and Mr. KNOWLAND should be rejected. Even with that amendment, the bill itself should be defeated.

This amendment proposes to strike out what is merely a gesture to Congress, inserted by the Senate Finance Committee asking it to approve the executive's action in bypassing the Tariff Commission evading an escape-clause recommendation by the Tariff Commission in trading on industry to further his foreign policy.

He could not transfer American jobs and investments to foreign nations, unless he had a majority vote of the Members of Congress representing the working men and investors.

The Constitution of the United States pointedly separates the regulation of national economy from the fixing of foreign policy.

Article I, section 8 fixes the responsibility of regulating the national economy—the regulation of foreign trade in the legislative branch.

The fixing of foreign policy is put in the hands of the executive, under Article II, section 2.

The 1934 Trade Agreements Act was a violation of the Constitution in tying the two together, placing the regulation of foreign trade in the hands of the executive, with no check whatsoever by Congress to prevent an industry from being destroyed.

The passage of that act by Congress was for an emergency period of 3 years. It has been extended 10 times for periods ranging from 1 to 3 years. It is proposed now, in the bill passed by the House, to extend the act for 5 years, and to permit a 25-percent further reduction of tariff, after 75- to 80-percent reductions have already been afforded.

DESTROYING THE AMERICAN WORKINGMEN AND INVESTORS

It is well known that the Congress has virtually abdicated its power over appropriations to the executive—so the representatives of the people have very little constitutional responsibility left.

Mr. President, a vote for the extension of the 1934 Trade Agreements Act—the so-called Reciprocal Trade Agreements Act—will be a vote to destroy the American workingmen and investors.

Under the act, which expired on June 30 of this year, the President could and did trade a part or all of any industry to foreign nations, if he believed such action would further his foreign policy, without consulting the Congress or those

whose jobs and investments he would be transferring to foreign low-wage nations.

EXPORT AMERICAN JOBS

Mr. President, the effect of trading an American industry to further his foreign policy is to export American jobs and investments.

We have lived on emergencies, wars, and preparations for war for 24 years, since 1933. This Nation is still living on a war economy.

The expenditure of some \$40 billion to \$50 billion a year is made in preparation for war.

REVERTS TO TARIFF COMMISSION

If the 1934 Trade Agreements Act which expired on June 30 is not extended, upon the passage of 60 days and 180 days' notice, respectively, the products covered by the multilateral and bilateral trade agreements will revert to the Tariff Commission, an agent of Congress on the statutory rate, and such duties or tariffs will be continually adjusted on the equalization of cost of production principle, which was adopted in the 1930 Tariff Act.

FLEXIBLE TARIFF

The 1930 Tariff Act, to which we will revert on the statutory rate if the 1934 Trade Agreements Act is not extended, is a commonsense act, since it provides that the tariff shall be continually adjusted to equal the difference between the wages and cost of production in the United States and in the chief competing nation, on each product, such tariff be continually adjusted to credit such foreign nation with any rise in the standard of living.

Then when the foreign nation has reached or approached our living standard, free trade would be almost immediate and automatic.

AMERICAN STANDARD OF LIVING MAINTAINED

Mr. President, under this method our own standard of living would be maintained, while we would be encouraging foreign nations to raise their standards of living. This method would also take the profit out of the foreign sweatshop wages at the water's edge and would encourage foreign nations to allow the wages of their own workers to be increased, since there would be no profit in holding the wages down.

NO RECIPROCITY

Mr. President, it should be apparent to this body that there is no reciprocity in multilateral or bilateral trade agreements with low-wage foreign nations, since they do not need to keep their agreements with us so long as they can show that they are short of dollar-balance payments, and that condition will prevail until our markets and our wealth are equally divided among such nations.

Mr. Dulles, the Secretary of State, admitted that to be a fact, and Mr. Weeks also admitted it, in cross-examination before the Senate Committee on Finance.

The 36 foreign competitive nations are sitting at Geneva continuing the division of the American markets and jobs among them, using every device which has been developed during the past 300 years of colonial history, to prevent American access to their markets.

USE OF EVERY KNOWN DEVICE

The foreign nations use tariffs, import permits, export permits, and the manipulation of the value of their money in terms of the dollar for trade advantage.

FORCING AMERICAN INVESTMENTS ABROAD

European and Asiatic nations thoroughly understand the use of these devices to force the location of American industrial investments in their countries and thus to supply their own markets, and then, by use of our free trade policies, to supply the American market.

NO AMERICAN JOB OR INVESTMENT SAFE

Mr. President, no American job or private investment is safe so long as the President can trade American industries or products to foreign nations to further his foreign policy.

CONSTITUTION SEPARATES REGULATION OF FOREIGN TRADE FROM THE FIXING OF FOREIGN POLICY

The Constitution pointedly separates the regulation of the national economy and foreign trade through the adjustment of duties or tariffs, from the fixing of foreign policy.

Article I, section 8, puts the regulation of the foreign trade and the national economy in the hands of the legislative branch, and article II, section 2, puts the power to fix the foreign policy in the hands of the executive branch.

THE CONSTITUTION

The reason for that separation, of course, is evident. It is for the purpose of seeing to it that American jobs and investments cannot be traded for a foreign policy without the consent of the Congress directly representing the people.

Mr. President, the first suggestion that American jobs and investments should be traded for a foreign policy came from the V. Frank Coes, the Harold Glassers, the Victor Perlos, and later the Harry Dexter Whites, the Alger Hisses, and their kind, supported by the like of Henry Wallaces holding Cabinet jobs in the early thirties. These men were some of the finest traitors this Nation ever produced—but the Congress is still voting for their policy.

Then, in 1949, Mr. Acheson, the Secretary of State, gaining momentum toward internationalism—this was the first time it came directly from the Secretary of State—said that it was no longer possible to separate the regulation of the national economy from the fixing of foreign policy.

Then Mr. Thorp, his assistant, testifying before the Committee on Ways and Means of the House of Representatives in January 1949, said that the Marshall plan, that is, sending billions of dollars to Europe, trading American industries to foreign nations for the furtherance of foreign policy, as set up in the 1934 Trade Agreements Act as extended, and the International Trade Organization, which would approve the GATT—General Agreements on Tariffs and Trade—operation at Geneva, where 36 foreign competitive nations are dividing our remaining markets—was necessary for the Executive to further his foreign policy.

Mr. President, the amendment should be defeated, because even if the language as recommended by the Senate Committee on Finance is adopted it would be merely a gesture to Congress that it must approve the decisions of a President when and if he decides to sidetrack the recommendations of the Tariff Commission as to the matter of preserving an industry, American jobs, and investments, instead of trading the industry to a foreign nation.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the amendments and changes made in H. R. 12591 by the Senate Committee on Finance, reported July 10, 1958.

THE PRESIDING OFFICER (Mr. DOUGLAS in the chair). Is there objection to the request of the Senator from Nevada?

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AMENDMENTS AND CHANGES MADE IN H. R. 12591 BY THE SENATE COMMITTEE ON FINANCE REPORTED JULY 10, 1958

General authority: Authority of the President to enter into trade agreements is reduced to 3 years from June 30, 1958 to June 30, 1961, from the House bill which proposed 5 years.

Tariff reductions: Authority is granted to reduce tariffs by (i) reduction of rates existing on July 1, 1958 by 15 percent in stages of not more than 5 percent in any 12-month period up to June 30, 1961 and unused authority may not be carried over. (House bill proposed 25 percent with not more than 10 percent useable in any one year) (No change made in other alternative reductions of House bill.)

Tariff increases: Same as in House bill.

Escape clause procedure: The Senate Finance Committee provided that the Tariff Commission's recommendation in escape clause procedure would become effective unless a disapproval by the President is confirmed by majority vote of the Congress.

Tie vote on Tariff Commission in escape clause procedure: In the case of a tie vote by the Tariff Commission as to injury, the affirmative findings would be considered the findings of the Commission. In the event of conflicting recommendations by the Tariff Commission as to remedy, the recommendation which in the opinion of the President provided the greatest relief to the industry would prevail.

Peril point procedure: Same as in House bill.

National security amendment: The Senate Finance Committee broadened the security amendment to provide that the President must take into consideration the effect on national security of a weakening of the country's economy by excessive imports of individual products.

Investigating committee: The Senate Finance Committee amended the bill to establish a nine-member bipartisan Commission to be composed of 3 members appointed by the President, none of whom may be members of the executive branch, 3 from the Senate Finance Committee and 3 from the House Committee on Ways and Means, to investigate and report on the international trade agreement policy of the United States and to recommend improvements in policies, measures, and practices. An interim report is to be filed on or before June 30, 1959, and a final report is to be filed not later than June 30, 1960.

EASTERN METROPOLITAN PRESS REPORTS

Mr. MALONE. Mr. President, we have noted in the metropolitan press throughout the eastern portion of the country

that they have joined the State Department, the motion-picture industry of Hollywood, through Eric Johnston, to put pressure on the Congress, as well as the pressure from the White House, which adds up to the combination of the greatest lobbying activity the Congress has ever experienced to keep the constitutional responsibility of Congress to regulate foreign trade in the White House.

I have before me two editorials published this morning. The first is from the New York Times, with respect to the reciprocal trade bill. It says in part:

Yet some Senators support a reciprocal trade bill that would make a mockery of reciprocal trade. The changes the Finance Committee made in the House-approved bill would surely tend to drive tariffs up instead of down—so that it is no wonder the administration, which finally got into this fight with vigor, described them as "completely unacceptable."

THE PRESIDING OFFICER. The Chair regrets to inform the Senator from Nevada that his time has expired.

Mr. KNOWLAND. Mr. President, I yield an additional 5 minutes to the Senator from Nevada.

Mr. MALONE. Mr. President, it is completely forgotten by the editors of these newspapers, or whoever writes the editorials, that the regulation of tariffs or duties is the constitutional responsibility of the Congress and not of the President of the United States. By the tying of the two functions together, the fixing of foreign policy and the regulation of foreign trade and the national economy through the adjustment of duties, excises, and imposts, which we call tariffs, the Constitution was amended without submitting such amendment to the States. That was clearly an unconstitutional procedure.

Mr. President, an editorial in the Washington Post of this morning, says in part:

For the Senate to place the parochial demands of small groups of constituents above the larger free-world interest would be simply to aggravate the problems with which this country will have to deal.

These editorials simply state absolutely that the President should have the authority to exercise the constitutional responsibility of Congress in the regulation of the national economy and foreign trade, thus tying the regulation of foreign trade and the national economy to the fixing of foreign policy.

TRADE WARS

Mr. President, I emphasize again that the wars we are fighting and have been fighting, for 2,000 years, as a matter of fact, are trade wars. We are now getting closer to the biggest trade war in history.

WESTERN HEMISPHERE REPORTS

There have been 2 Western Hemisphere reports by the Senate Committee on Interior and Insular Affairs. The first of these reports is Senate Report No. 1627, of the 83d Congress in 1954, dealing with the accessibility of strategic and critical materials to the United States in time of war and an expanding economy.

In that report it is stated categorically that we could make the Western Hemi-

sphere self-sufficient in everything we need for war or peace, and that we could defend it from North America.

A later report, an economic report on the 42 nations and entities of the Western Hemisphere, Senate Document 83 of the 84th Congress in 1955, on critical materials and the factors affecting self-sufficiency within nations of the Western Hemisphere with respect to the economic relationship of those countries.

For 200 years wars have been fought to control trade. We have fought three trade wars in our time, World War I, World War II, and the Korean war. We gave as our reason for the last three wars that it was necessary to obtain certain strategic materials from across major oceans. Nothing could be more fallacious. If we wish to continue to go to war to protect oil for Europe, or for any other reason, let us give the real reason, and stop talking about it being necessary for our national security or our accessibility to the critical materials we need in peace or war.

The amendment should be defeated.

Mr. President, I yield back the time remaining to me.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the distinguished senior Senator from New Jersey [Mr. SMITH].

Mr. SMITH of New Jersey. Mr. President, I support the amendment offered by the distinguished Senator from Texas [Mr. JOHNSON], which would strike out sections 6 and 7 of the pending bill and thereby retain the President's primary authority for determinations in escape-clause cases.

There are several reasons, Mr. President, why I oppose the existing provisions in the bill.

First, the adoption of sections 6 and 7 would be equivalent to removing the President as an essential factor in the fixing of tariff rates. It would, in effect, delegate the Tariff Commission, instead of to the President, the authority to establish tariff rates in cases where escape-clause matters were involved.

Second, it is necessary to weigh factors other than injury to a domestic industry in escape-clause cases. The Tariff Commission is primarily concerned with the question of domestic injury. However, other factors include the effect of such a decision on American exports, its implications with respect to foreign policy, the protection of American consumers, and the problem of working out compensatory reductions with other nations for other industries.

Most particularly in this regard, I am concerned with the implications with respect to foreign policy. The President is charged with the constitutional authority to conduct foreign affairs. In the present-day world of cold war, he must take into account political, security, and diplomatic considerations as well as economic. No other organ of Government has the capability or the authority to consider all the possible ramifications. This is why it is essential that the President be given a decisive role in making such decisions.

Finally, Mr. President, I oppose the present sections because when all the members of the Tariff Commission ap-

peared before the Ways and Means Committee in the House, they stated that they did not want the responsibility for making final decisions in escape clause cases; that in their opinion they were not qualified to carry out all this responsibility and cover the many other factors that are involved in such considerations, namely, the effects on our national interest, other domestic industries, our partners in the free world, and our international obligations, and, that not only was the President qualified, but that it was inadvisable for the Commission to be given final determination in these matters.

The comments of the members of the Commission are to be found on pages 195 through 210 in the House hearings on the bill. Their unqualified opposition to the concept of placing final decision in escape clause cases in the Commission, lends great weight to the amendment of the Senator from Texas. For the several reasons I have listed, I urge its adoption.

Mr. LONG. Mr. President, as acting majority leader I yield 5 minutes to the senior Senator from Virginia [Mr. BYRD].

Mr. BYRD. Mr. President, the purpose of the escape clause is to provide a means by which industry that is damaged or threatened with damage from foreign imports can find relief. Its application applied to those cases where such imports have reached damaging proportions as a result of concessions that have been granted under the trade agreements legislation.

Under the conditions of H. R. 12591 as passed by the House of Representatives, the Tariff Commission upon petition from an industry, would, within a 6 month period, examine the factors involved and would submit to the President its finding, which may indicate damage or threatened damage, together with its recommendations for remedy. The President may then call upon the full facilities of the executive branch of the Government, specifically upon the newly established Trade Policy Committee, to provide him with full information regarding the impact of the Tariff Commission recommendations upon this country.

In consideration of such recommendation the full broad spectrum of the Nation's interest is considered. This can easily be seen from a recognition of the role and the composition of the membership found in the Cabinet members who make up the Trade Policy Committee—State Department, review of international political implications; Defense Department, review of application to our national security; Treasury, regarding the monetary aspects; Agriculture, a review of the effect upon our agricultural segment of the economy; Interior, the implications dealing with our minerals; Labor, the employment or threatened unemployment aspects; and Commerce, which would express its interest in all segments of business, large and small. It is particularly significant that the Secretary of Commerce is the Chairman of this Committee, pointing up the President's recognition that the effect of import competition upon our internal domestic economy is paramount.

The House-passed measure establishes a significant safeguard in addition to the usual interest in the Nation's well-being that can be assumed to be a part of the President's action. This additional safeguard is found in the responsive machinery for congressional override by a two-thirds vote of the President's decision. Such machinery is effective inasmuch as the expression of congressional will would be accomplished through a concurrent resolution with privileged status.

The action of the Senate Finance Committee in revising section 6 presents an entirely different result. Its principal features of the Kerr-Thurmond amendment are as follows:

First. It removes the authority and the responsibility of the President in making final determinations in escape clause cases.

Second. It provides that Tariff Commission determination becomes effective unless cumbersome action is taken by both the President and the two Houses of Congress. This in spite of well known limitations that make it impossible for the Tariff Commission to consider factors beyond the direct effect of specific imports upon a specific industry. The Tariff Commission has repeatedly recognized that it does not have the capability for determining effects upon our foreign policy, upon our national security posture, upon the retaliatory effect of reduced exports upon broad segments of our economy, upon the establishment of important trade patterns, or upon many other areas of national interest.

Third. The Kerr-Thurmond amendment provides that "recommendations of that group within the Commission which recommends the greatest measure of relief" becomes the remedy that must be applied by the President. This provision would make it possible for a minority of the Tariff Commission to then impose its decision upon all elements of the American economy.

It is clear that the provisions of H. R. 12591 as passed by the House of Representatives makes it possible for the Nation to enjoy the full benefits of the capability of (a) the Tariff Commission in finding the fact of injury, of (b) the executive branch in examining the effect of action upon our total economy, and of (c) the Congress which has readily accessible machinery to express its will over all other actions. The Kerr-Thurmond amendment would destroy this balance of interest and capability.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. KNOWLAND. From the parliamentary point of view, if the pending amendment is adopted—and I support the pending amendment—in effect, so far as the Senate is concerned, it would make the law the same as it is today. Is not that correct?

Mr. BYRD. The Senator is correct.

Mr. KNOWLAND. So that in striking the Kerr amendment, we strike both the language of the Kerr amendment, which had been placed in the bill by an 8-to-7

vote in the Committee on Finance and the House language. Is that correct?

Mr. BYRD. Yes; and we can then go to conference on it.

Mr. KNOWLAND. Then the matter will go to conference.

Mr. BYRD. Yes.

Mr. KNOWLAND. Therefore, the Senate position will stand as the law is at the present time, and the House provision will call for a two-thirds vote.

Mr. BYRD. Yes. There will be greater latitude for the conferees.

Mr. JOHNSON of Texas. Mr. President, Congress in its wisdom has for many years delegated to the President the very great responsibility of conducting the reciprocal trade agreements program. It has done this for a variety of reasons. I realize that the executive action has been very disappointing in some instances. However, as the great Senator from Georgia frequently used to say: What is our alternative?

I believe the alternative to the present act is for Congress to attempt to legislate tariff rates on individual commodities, which would be much more trying and would probably result in more inequities than would result from delegating the authority to the Executive.

Once we delegate the power to the President, we say to him: "It is your responsibility. We delegate this responsibility to you. We expect you to use it effectively. However, we are not going to put you in chains or handcuffs or a straitjacket."

I appreciate the motives of those who sponsored the amendment now in the bill. They are trying earnestly to straighten out what they regard as inequities in the law.

But I believe they have gone much too far. They have set up machinery which for all practical purposes would place the power of administering the trade program of the United States in the hands of six nonelected officials of the Government.

In fact, they have gone even further than that. They have placed the power in the hands of 3 of those 6 members.

I believe we are all aware of the realities of our governmental institutions. The substance of this amendment is that a recommendation for a higher tariff made by three members of the Federal Tariff Commission could be overruled only through the joint action of the President and the Congress of the United States.

This does not strike me as being an exercise of legislative authority. It seems to me to be an abdication of both executive and legislative authority.

It would be incredibly clumsy machinery if the President had to go to the Congress of the United States every time he sought to overrule the Federal Tariff Commission. It would require the action of the House of Representatives. It would require the concurrence of the Senate of the United States.

I do not believe that Congress is the proper body for making decisions which properly belong to the President. If we try to make such decisions, the practical effect will be to turn executive power over to the bureaucrats.

Mr. President, I hope my amendment will be adopted. Without it, the reciprocal trade agreements program will be turned over to three nonelected officials who can do something that the Congress of the United States itself cannot do—change the law by less than a majority.

Mr. President, I support the senior Senator from Virginia in the statement he has made. He is a tower of strength in this fight. I hope the amendment will be adopted and that the bill will be passed substantially as written with the adoption of the pending amendment.

Mr. BYRD. I thank the Senator from Texas.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the amendment.

Mr. MARTIN of Pennsylvania. The yeas and nays have already been ordered.

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). The yeas and nays have been ordered.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator yield me 1 minute?

Mr. JOHNSON of Texas. I yield to the Senator from Pennsylvania such time as he may desire to use.

Mr. MARTIN of Pennsylvania. Mr. President, I rise in support of the amendment. At the present time the people of the United States understand the serious situation which confronts us all over the world. I have studied this question for more than half a century. In fact, the first time I heard the words "reciprocal trade" used was by McKinley, when he was a candidate for President in 1896 and when I, as a small boy, went with my father to one of McKinley's front porch meetings.

There is no question in my mind that freer trade all over the world is one of the greatest helps in securing peace. It is more effective than anything else that might be done. For that reason I sincerely trust that the amendment will be adopted. Then, as I understand, the whole matter will go to conference.

Mr. JOHNSON of Texas. If no other Senators desire to speak, I am prepared to yield back the remainder of my time in support of the amendment. First I ask unanimous consent that I may suggest the absence of a quorum and that the time consumed in calling the quorum be charged equally to both sides.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. Mr. President, will the Senator from California yield 30 minutes to me?

Mr. KNOWLAND. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from California has 15 minutes remaining.

Mr. KNOWLAND. I yield to the Senator from Oklahoma 13 minutes on the amendment. I yield the remainder of

the time to make up the 30 minutes on the bill itself.

Mr. KERR. Mr. President, I think the Senate is about to take one of the most important votes which has ever been taken. In order that the record may be clear about what the case is and what the facts are, I shall make some brief remarks.

As an example of the confusion which exists, and of the erroneous impression which is being created, I shall read a few words from an editorial published in the New York Times of July 15, 1958, entitled "Protectionists at Work." The word "protectionists" is used in the editorial as if protectionists were identified as evil persons.

I feel that I am a protectionist of the welfare of the people of Oklahoma and, I hope, of the Nation, and I do not regard it as evil. I think the day has come when more protectionists should be at work, dedicated to the welfare, the industry, and the economy of our country.

The other night, when I was speaking, a very dear friend of mine rose, the senior Senator from Minnesota [Mr. THYE]. He asked a question or two which I tried to answer. He said:

I am honestly disturbed by all these telegrams requesting me to vote against the Kerr amendment. I am still listening to the argument of the Senator why I should vote in support of his amendment in the bill.

I wish to give the Senator from Minnesota to reason for his voting in support of my amendment to the bill, and I shall do so in his own words. The very next morning I received a letter from the distinguished senior Senator from Minnesota. I shall read it.

UNITED STATES SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, D. C., July 18, 1958.
The Honorable ROBERT S. KERR,
Senate Committee on Finance,
United States Senate.

DEAR SENATOR KERR: A very serious situation is now developing endangering the future of iron mining in the United States. Because the iron and steel industry is the most basic industry in the United States, this problem is one of national importance.

I have had a study prepared by the Library of Congress on the question of iron-ore importation. The facts are very disturbing and I am sure you will agree with me that a national policy must be formulated with respect to the domestic iron-mining industry or we may well see domestic production seriously curtailed.

The enclosed table shows how rapidly imports have risen in the last 12 years, increasing from 1.3 percent of the United States production to 33 percent in 1957. During the same period, domestic production has increased to a peak in 1953 and has been reduced thereafter, creating very serious unemployment problems on the iron range area in Minnesota.

In view of the situation cited above, I would appreciate your committee's giving favorable consideration to a resolution requiring the Tariff Commission to initiate an investigation under section 332 of the Tariff Act of 1930 into the domestic iron-ore industry and the major suppliers of foreign iron-ore imports.

With kindest regards,

Sincerely yours,

EDWARD J. THYE,
United States Senator.

Attached to the letter from the senior Senator from Minnesota were a suggested resolution to be considered by the Committee on Finance and a tabulation of Union States iron production, imports, and exports.

I ask unanimous consent that the resolution and table be printed at this point in the RECORD.

There being no objection, the resolution and table were ordered to be printed in the RECORD, as follows:

SENATE FINANCE COMMITTEE RESOLUTION

Resolved, That the United States Tariff Commission is hereby directed, pursuant to section 332 of the Tariff Act of 1930, to make an investigation of the conditions of competition in the United States between iron ore produced in the United States and in foreign countries, and to report to the Committee on Finance of the Senate the results of the investigation on or before March 1, 1959.

SEC. 2. The report of the Commission shall set forth a summary of the facts obtained in the investigation, including a description of the domestic industry, domestic production, foreign production, imports (including sources of imports), consumption, channels of distribution, United States exports, prices of domestic and imported ore, and the United States customs treatment (including trade-agreement obligations with respect to such treatment) since 1930. In the course of its investigation the Commission shall hold such hearing or hearings as it deems necessary or desirable.

TABLE 1.—Iron ore: United States production, imports and exports
[In million gross tons]

Year	Production	Imports	Exports	Imports as percent of production
1940-44 average	94.9	1.3	-----	1.4
1945	89.8	1.2	-----	1.3
1946	72.0	2.8	-----	3.9
1947	95.6	4.9	-----	5.1
1948	102.6	6.1	-----	5.9
1949	86.3	7.4	-----	8.6
1950	99.6	8.2	-----	8.2
1951	116.5	10.1	13.0	8.7
1952	97.9	9.8	5.1	10.0
1953	118.0	11.1	4.3	9.4
1954	78.1	15.8	3.1	20.2
1955	103.0	23.5	4.5	22.8
1956	97.8	30.4	5.5	31.1
1957 ²	105.0	34.6	(³)	33.0

¹ Annual average, 1947-51.

² Preliminary.

³ Not available.

Mr. KERR. Mr. President, the distinguished senior Senator from Minnesota himself in his letter gave eloquent testimony in favor of retaining the so-called Kerr amendment or Thurmond amendment, or Thurmond-Kerr amendment as it was placed in the bill by the Committee on Finance.

If the Senator from Minnesota thinks that the iron ore industry of Minnesota can get relief from the Tariff Commission either by reason of the showing they make or a favorable recommendation by the Tariff Commission, he should read the record of the ill fate of those industries, whose prayers for relief, when reinforced by a favorable recommendation by the Tariff Commission, have been stricken down, one after another, by a failure on the part of the President of the United States to act.

The editorial in the New York Times of July 11, 1958, refers to the very bad

provisions placed in the bill by the Committee on Finance. It says:

The most offensive of these is an amendment introduced by Senator KERR under which the President would, for all practical purposes, be shorn of his authority to have the final say in granting tariff increases or quotas under the provisions of the escape clause.

Mr. President, apparently the writer of that editorial does not know that nothing which Congress could do would result in the President's being shorn of his power to fix tariff rates, because the Constitution takes care of that matter when it places that responsibility and duty in Congress.

The editorial continues:

The President's decisions in such cases would be valid only if supported by majority votes in both houses. The term "national security," which is used in some cases as a basis for pleading tariff relief, would be widened to include virtually every industry in the country.

Would not that be a tragedy, Mr. President? Would it not be a tragedy if the term "national security" were used to include the economic welfare of the American people? I ask Senators how they can dissociate the economic welfare of the American people from the term "national security."

The Washington Post and Times Herald of July 11, 1958, in opposing the amendment under discussion, said:

This would not only be cumbersome and greatly compound the terrible uncertainty which always overhangs American tariff policy when the Commission's findings support demand for higher duties. It would also transfer to the legislative branch a foreign policy function which can only be effectively administered in the executive branch.

That illustrates the existence in the minds even of honorable people of confusion regarding who has the responsibility, first, for foreign affairs and, second, for the regulation of foreign commerce.

Mr. President, the danger which exists today is not that the Congress will interfere in the handling of foreign affairs. The danger is that the Executive will destroy the effectiveness of the Congress in the regulation of foreign trade and commerce.

Again, I remind my colleagues that under the Trade Agreements Act, the tariffs in effect in 1934 have been reduced an average of 80 percent or more. Under the House version of this extension bill, authority would be granted to reduce them 25 percent of the remaining tariffs. If scores of American industries have been injured by the reductions already put into effect, is it not apparent to Senators that the danger of injury will be greatly increased each time additional reductions are made?

American industry is confronted with two elements in respect to its competitive position, as compared to that of foreign producers. The first is the continued lowering of the tariffs; the second is the continuing increase in domestic wages, as compared to those paid in foreign countries by competing industries. The squeeze which already has

been going on, which has resulted in such devastation to so many American industries, is nothing compared to what it will be in the period of time that this act is about to be extended, as the President continues to lower the tariffs, on the one hand, and as the cost of production by American industries, as compared to the cost of production of foreign competitive industries, continues to rise, on the other.

Mr. President, why do we feel that this amendment must necessarily be added to the pending bill? This act was before the Congress for renewal 3 years ago, and at that time men were concerned about the welfare of American industry. When House bill 1, the last extension of the Trade Agreements Act, was before the Congress, the Honorable JOE MARTIN wrote to the President of the United States a letter in which Mr. MARTIN asked for the attitude of the President with reference to his policy under the escape-clause provisions of the law. The President replied, "You need have no worry. I want to give you my assurance."

Here is what the President said: I refer to page 1065 of part 2 of the hearings on the Trade Agreements Act extension bill; these hearings are on the desks of all Senators. From the President's letter, I read the following words:

I wish to comment on the administration of this legislation if it is enacted into law * * *. This program must be, and will be, administered to the benefit of the Nation's economic strength and not to its detriment. No American industry will be placed in jeopardy by the administration of this measure * * *.

Those were the words of the President on February 17, 1955. Has that pledge been carried out?

Mr. President, just 1 week before, Representative PERKINS BASS wrote to the President, and stated that the textile leaders "fear their industry may be in serious jeopardy if textile tariffs are further lowered," and added:

I am sure you are aware of this problem peculiar to textiles, and that should the Reciprocal Trade Act be extended by the Congress, as provided in H. R. 1, you will bear this in mind, and will take no action which will injure or jeopardize this important industry, or any other for that matter.

The President reassured Mr. BASS on February 17, 1955, as follows:

I appreciate that legislation of this character has always aroused concern among industries that are fearful it may be administered so as to affect them adversely. Such fears are in fact groundless, for it would ill serve our Nation's interests to undermine American industry or to lower our high living standards. Our own economic strength is a pillar of freedom throughout the world, and it would be irresponsible to take any action that would weaken it. For this reason no American industry is going to be placed in jeopardy by the administration of this measure. Nor will any American industry be placed in jeopardy in the trade negotiations which are to begin next week at Geneva under the existing trade agreements law.

Those were the words of the President of the United States in reference to this legislation.

Mr. President, would that those words had been justified. If the record of the administration of the trade agreements

extension, as enacted 3 years ago, substantiated the promises the President made in those words, the present controversy would not be before the Senate.

But in utter and complete contradiction of those assurances by the President, I remind my colleagues that Robert T. Stevens, who for some time was in the Cabinet of President Eisenhower, had this to say when he was a witness before the committee; the testimony I am about to quote is to be found on page 1103 of part 2 of the hearings:

Wages paid to workers abroad, making all kinds of imported goods, range from 35 to 40 cents an hour down to about 8 cents per hour. By comparison I am sure it is unnecessary for me to cite the hourly rates of the average worker in the United States.

Then he testified:

There are many figures which can be cited about the industry, but I will mention only a few.

He was referring to the textile industry, the one the President said, "I will protect," the one about which the President said, "They need have no fear."

Then Mr. Stevens said:

Since World War II, this is what has happened:

(a) Employment in the textile industry has declined by 345,000 jobs.

(b) 717 textile mills have closed.

(c) The number of spindles in place in American cotton mills has declined by 2,375,000.

Mr. President, that has happened not only in New England; it has also happened in Virginia, in Georgia, in North Carolina, in South Carolina, in Oklahoma—in fact, I would say, in at least half of the States of the Union.

Despite the fact that in 1955 the President said, "Such fears are groundless"—and he was referring to fears with reference to the economic welfare of the textile industry—we find that Mr. Stevens testified:

(d) Imports of cotton textile yardage have increased from 15,962,000 in 1947 to 122,444,000 in 1957. The total value of all imported cotton manufactures increased from \$24 million in 1947 to \$136,163,818 in 1957.

(e) Imports of woolen goods increased from 4,635,000 square yards in 1947 to 32,313,000 square yards in 1957. The total value of all imported woolen manufacturers increased from \$33,100,000 in 1947 to \$143,069,942 in 1957.

Mr. Stevens went on to say:

The blight is on a vast variety of items: textiles, machinery, machine, and hand tools, chemicals, metals, cameras, appliances, ceramics, and countless others.

In spite of the fact that the President of the United States said he would administer the law so that no American industry would be damaged or destroyed, Mr. Gordon R. Connor, from the great State of Wisconsin, representing the American Hardwood Plywood Manufacturers—and I regret that neither of the Senators from Minnesota is present on the floor—told the committee, as shown at page 1307 of the hearings:

Plywood imports from Japan are the primary cause of our industry's condition. * * *

Japan has increased its plywood exports to the United States from 10 million square feet in 1951 to 670 million square feet in 1957.

He said further:

Today, Japan can produce 3.6 billion square feet of hardwood plywood a year, over four times the shipments of the American industry in 1957.

The Japanese can sell no more than 1.4 billion square feet in their home market, and the balance, 2.2 billion square feet can be produced for export.

I read an excerpt from the Tulsa Tribune of recent date:

Ten years ago there were five manufacturers that were making sewing machines. The old Republican Party, holding fast to its high tariff pledge to the people, would have kept those manufacturers of sewing machines in business. Today there is only one of these companies left to make sewing machines. . . .

Less than 1,300 foreign bicycles were sold in this country when Eisenhower became President. According to trade reports of 1956, more than 1,173,000 bicycles were imported to compete and to liquidate American bicycle makers.

The same disastrous story is found with our watchmakers, manufacturers of sporting goods, lenses, cutlery, typewriters, chinaware.

That in spite of the fact, Mr. President, that Mr. Eisenhower, as President, solemnly assured Congress just 3 years ago that this program must be and would be administered to the benefit of the Nation's economic strength, and that no American industry would be placed in jeopardy by the administration of the act.

In the face of those assurances from the Executive, would not Congress be derelict in its duty if it extended the act without placing some additional features of protection in it for American industry?

The amendment complained of does not cripple the bill. It implements it. It makes it workable. It fixes it so that Members of this body can have something to say about whether or not the industries in their States are being treated in such a way as to prevent their being destroyed.

Oh, the President said not one single American industry would be impaired. The velveteen industry has been extinguished. It no longer exists. A similar result has occurred in industry after industry. Today half the people in a great Oklahoma community are out of work, because industry there is devoted to the manufacture of glass and its products, and the products of lead and zinc, and imports have put them out of business—in spite of the President's assurance that he would not permit such a thing to happen.

The Governor of Oklahoma had this to say a few days ago:

In this tristate area of Oklahoma, Kansas, and Missouri, more than 2,600 lead and zinc workers have been laid off. This is a loss of about \$200,000 every week taken out of the local economy.

The reason for this? Zinc imports have increased 111 percent over the past 11 years, and lead imports have increased a whopping 231 percent.

It is the same story with oil under our new Federal voluntary oil imports program. Even greater amounts of foreign oil are being shipped in for sale at your corner gas station.

During just the past 3 years, foreign oil imports have increased by more than half a million barrels per day. The ratio between

imports and domestic production now stands at 24.2 percent.

That's why the number of active drilling rigs in Oklahoma has dropped from 406 in 1955 to only 106 today. It is the reason about \$700,000 per month in gross production tax is being lost to the State of Oklahoma, where it is badly needed for higher education and many other purposes.

Yet the President said, in his words to the Congress, that no American industry would be placed in jeopardy by this administration as a result of this measure.

What is the amendment before the Senate? It provides, as is provided in existing law, that if an American industry feels it is injured, it can go to the Tariff Commission with a petition for relief. It must carry the burden of proof. It will be compelled to establish by the preponderance of the evidence that it is injured. The Tariff Commission then, finding it has been injured, recommends that the President make provisions to eliminate the cause of the injury lest the industry be destroyed.

Mr. President, under the spirit of the law as enacted in 1955, and under the solemn promise of the President of the United States, he would have acted affirmatively when the recommendation of the Commission went to him but, in the majority of cases, about 2 or 3 to 1, he did not. So this amendment would say, if he wants to overrule the recommendation of the Tariff Commission, he shall submit the matter to the Congress, and if a simple majority of the Congress votes to sustain the President's position, then he is authorized to overrule the Tariff Commission, even if by doing so another American industry is destroyed. But unless a majority of the Congress, in whom the Constitution places this responsibility, agrees with the President, under this proposed act he is directed to carry out the recommendation of the Tariff Commission.

Therein, Mr. President, is the simple guard and protection to prevent destruction of American industry, which those who seek to strike the amendment from the bill and which those who write about it in the press claim to be unworthy of legislative action. Is it unworthy, Mr. President, that Senators should seek to be effective in carrying out their responsibility of protecting the economies of their States and the Nation? Is it unworthy that the Congress should have the right to help decide whether recommendations made by the Tariff Commission should be put into effect?

The Tariff Commission is not recommending things to destroy the program, Mr. President. The Tariff Commission is recommending measures to prevent destruction of American industries.

If the President of the United States had been sincere when he said, "No American industry will be placed in jeopardy by the administration of this measure," this amendment would not have been necessary in the first place, nor would he now be asking the Senate to strike the amendment from the bill. Is the President afraid of the United States Senate, Mr. President?

I ask Senators, how many times has President Eisenhower asked the Senate

for a favorable resolution on his foreign policy and failed to get it?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KERR. Mr. President, will the Senator yield an additional 5 minutes?

Mr. KNOWLAND. I yield 5 additional minutes to the Senator from Oklahoma.

Mr. KERR. How many times has President Eisenhower asked for favorable consideration by the Senate and failed to get it? Is the President afraid that in the future he cannot get a majority of the House of Representatives and the Senate to agree with him? Are Senators so dedicated to escaping their responsibilities and putting the welfare of the industries of their States so completely in the hands of one man that they refuse to keep a slight check on the use of this power they delegate so freely? Why, Mr. President, that is absurd.

The amendment does not harm the bill, it helps the bill. The amendment gives hope to the American people.

Senators talk about telegrams from injured industries. If the amendment shall be agreed to, it will protect American industry, prevent injury, prevent destruction, and implement the pledge President Eisenhower himself made in 1955, "No American industry will be placed in jeopardy by the administration of this measure."

If we keep in the bill the amendment inserted by the Finance Committee we implement that pledge of Eisenhower. We will make it possible for the President to become a man of his word, so that his solemn assurance to the Congress of the United States and the people of the United States will be carried out.

What has happened proves that if the amendment is stricken from the bill, the industries in the States will have no assurance against destruction from foreign low-cost, low-wage competitive industries.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from Louisiana.

Mr. LONG. Much has been said to lead us to believe that we must let foreigners have the American markets so that they can earn dollars with which to trade with us. I refer the Senator to the chart furnished by the Secretary of Commerce himself, which appears in the record of the hearings, and which shows that the United States international payments and receipts reflect an unfavorable balance for the United States for every year since 1948. If that trend continues we will not have enough gold even to support our own currency. If we want to continue the sort of aid program we have had in the past, and the various other programs designed to support and assist foreign countries, I submit we will be very ineffectual indeed when we find our gold reserves gone.

Mr. KERR. The Senator is entirely correct.

Mr. President, if the act is extended without the benefit and protection of this amendment, it will not be 3 years before either the President of the United States will have to take action to freeze the gold reserves we have in this country

or we will be faced with such a condition that neither will the Federal Reserve have the required gold back of its currency, nor will the United States have the gold to meet the commitments to foreign countries which can be put into effect in an unfavorable trade situation such as has prevailed and will prevail by a continuation of the present law and a continuation of the present administrative policy in the administration of the law.

Mr. MARTIN of Pennsylvania. Mr. President, I yield 15 minutes to the Senator from South Carolina [Mr. THURMOND].

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 15 minutes.

Mr. THURMOND. Mr. President, there have been certain arguments made on the part of the proponents of the trade bill which I should like to answer.

One argument which has been made is that the committee's escape clause provision would open the gates for high tariffs and would nullify the whole trade program. Since 1951 the number of applications for relief under the escape clause have been 87. The number of cases in which the Tariff Commission found relief to be necessary was 30.

Those 30 cases can be broken down as follows: the number of cases where action was deferred by the President, two; the number of cases where the President took no action, one; the number of cases where the President declined to implement the Commission recommendations, 17; the number of cases where the President implemented the Commission recommendations, 10.

In other words, Mr. President, with respect to the 87 applications made, the President implemented the Tariff Commission recommendations in only 10 cases. This certainly could not harm our trade program. That is an average of less than 3 cases per year which would have been weighed by the Congress from 1951 through 1958. It would certainly be no burden for the Congress to pass upon an average of 3 cases a year, and that is the number we would have passed on if the amendment placed in the bill by the Finance Committee had been in effect during that period.

No one can say that the Tariff Commission is protectionist. Why, the Tariff Commission has been very reasonable, and it has acted in only 30 instances out of 87 cases. In only 30 instances has the Tariff Commission acted favorably out of the 87 cases.

Mr. President, another point which is being raised by the proponents of the bill is that the President would be handcuffed in his treaty-making powers if the amendment is kept in the bill. I should like to remind the Senate that the Constitution distinguishes between treaties and tariffs. The Constitution gives the power over treaties to the President in Article II, section 2 of the Constitution, but it gives the power to lay and collect tariffs not to the President, but to the Congress. Article I, section 8 of the Constitution provides that the Congress shall lay and collect tariffs.

The amendment placed in the bill by the Finance Committee would merely

bring back to the Congress some of its constitutional authority, given to the Congress in the Constitution.

The committee's escape clause provision would only change the procedure and would not change United States policy as to its use.

Mr. President, I have been amazed, in talking with some of my colleagues in the Senate and some in the House, as well as with other people, to hear the statement, "We must not do anything to hurt the trade program. We must pass the bill just as the President wants it." Many people are confused about this issue. The bill which the Senate Finance Committee reported is a sound bill. It would not destroy or impair our trade program with other nations.

I believe in trade. I think trade is necessary; and the bill reported by the Finance Committee would promote trade. In the event an industry were about to be destroyed, and the Tariff Commission should so find, if the President were to disapprove such finding, a majority of both Houses would be required to sustain him. That is a very reasonable provision.

The purpose of the amendment inserted by the Finance Committee is not calculated to destroy our trade program. It is calculated to promote trade, and to save industries in certain instances in which this provision would be brought into play in order to prevent hazard to a particular industry.

Mr. President, I am of the opinion that if Members of the Senate will take the time and the care to study what the Finance Committee did, they will approve that action. Again I say that what the Finance Committee recommends would not destroy our trade program. It would merely provide for some relief in the event an industry had its back to the wall and was about to be put out of business. Would not the American people want that to be done?

I come from a State which has a large textile industry; 75 percent of all the industrial workers in my State are engaged in the textile industry. It brings in 80 percent of the industrial wages. If anything happens to the textile industry in South Carolina, my State will become practically a ghost State. And yet the textile industry today has its back to the wall. The distinguished Senator from Oklahoma read figures today which were presented to the Finance Committee by the able former Secretary of the Army, Mr. Robert Stevens, by which he brought out the fact that 717 textile mills have been closed since the end of World War II, and that 345,000 jobs of textile workers have been destroyed since World War II.

Mr. President, how long can the textile industry continue to operate when such a condition as this exists? The people of South Carolina, of Maine, New Hampshire, Vermont, Connecticut, Rhode Island, Virginia, North Carolina, Georgia, Oklahoma, Louisiana, and other States which have textile mills will see thousands more Americans thrown out of jobs unless some small degree of protection is given to our American workers.

The newspapers have played up this issue, and have confused the people.

They have given erroneous impressions as to the effect of the Finance Committee's action. I say again that what the Finance Committee did would not harm our trade program. It would merely save an industry which is about to go under, in the event the Congress agrees with the Tariff Commission that action should be taken to save the industry.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. THURMOND. I am pleased to yield to my distinguished friend from Nevada.

Mr. MALONE. I am very much interested in the speech of the distinguished Senator from South Carolina. But is the Senator aware of the fact that the Secretary of State took the question up with Japanese producers—American mills in Japan, using American machinery—and they agreed not to export quite so much of this material to this country for a while? In other words, the Japanese are allowed to determine how much is to be imported into this country under the trade agreement. Is the Senator aware of that negotiation between Japan and the United States?

Mr. THURMOND. I am aware of that negotiation; and I am aware of the voluntary agreement which grew out of that negotiation. Let me say to the distinguished Senator that that was purely a voluntary agreement on the part of the Japanese. It is my opinion that neither the Japanese nor the people of any other country should be permitted to determine the policies of this Nation when millions of jobs of workers in this country are so vitally affected.

Mr. MALONE. I merely wish to invite the Senator's attention to the fact that the administration did trade the textile industry away for foreign policy, as it has done in the case of other industries, and will continue to do if this amendment is adopted. Then we shall be in the power of foreign nations, and they can destroy us any time they wish to do so.

Mr. THURMOND. It is giving me grave concern. I think there is great merit in the statement which has just been made by the distinguished Senator from Nevada.

Mr. MALONE. Let me ask one further question. How can private industry—and we pride ourselves on private enterprise in this country—continue under such circumstances? How can we expect investment to be made in any industry if it is subject to destruction by the order of one man, or traded for a foreign policy?

Mr. THURMOND. I am coming to that point now; and I should like to have the distinguished Senator hear the few words I shall have to say on that subject.

The proponents of the program say that only the President can decide escape-clause cases by a consideration of the total national interest. My answer to that is that the Congress passes legislation which it represents as being in the total national interest. It can even override the veto of the President. Surely, Congress is not blind on this one issue.

How can we go wrong by bringing back to the representatives of the people of the Nation, the Congress of the Nation, the final power of decision. Especially after the Tariff Commission, composed of experts who work for weeks and months on some cases and go into great detail to determine how an industry has been injured, reaches a decision after very careful and thorough hearings have been held? If we uphold the Tariff Commission, are we not carrying out the will of the people?

If the President should disapprove the action of the Tariff Commission, is it anything but just that Congress, representing the people of the country, should have the right, by a simple majority vote, to say that the Tariff Commission in a particular instance is right, and has reached a sound conclusion, even though it should mean overriding the action of the President?

The proponents of the bill also argue that the procedure is unreasonably cumbersome. In answer to that argument I should like to say that if the President has even a fair case, he should have no trouble obtaining a majority in Congress. The President has partisans among the Members of Congress. He has powerful executive lobbying ability with Congress. That has been sufficiently demonstrated in connection with the bill we are now considering.

The PRESIDING OFFICER (Mr. JORDAN in the chair). The Senator's time has expired.

Mr. THURMOND. In conclusion I wish to say that the action of the Committee on Finance is so reasonable that any Member of Congress could certainly feel he is truly representing his constituents and protecting their interests when he supports the action of the Committee on Finance.

Mr. JOHNSON of Texas. Mr. President, I yield 10 minutes on the amendment to the Senator from Illinois.

Mr. DOUGLAS. Mr. President, I am well aware that no votes are changed in the closing minutes of debate. However, a decent respect for the opinions of the citizens of the United States requires that some light be thrown on what precise issues are involved in the so-called Kerr-Thurmond amendment.

Anyone who is as sincere a protectionist as the Senator from Oklahoma has said he is, of course, should vote for the Kerr-Thurmond amendment. It is a protectionist amendment. However, an attempt is being made to get votes for the amendment on the pretext that it will not hurt the reciprocal trade program itself. This is a mistake, and on this point I believe we should have some clarification.

It has not been mentioned in the debate that the Tariff Commission, whose powers are being greatly increased under the Kerr-Thurmond amendment, must operate, of necessity, under very restricted terms of reference.

RESTRICTED TERMS OF REFERENCE

When a complaint is made to it that an industry is suffering, or is likely to suffer, from the reduction of tariffs which have been effected, the Tariff Commission must address itself only to

a series of very restricted issues. It cannot deal with the question as to what the effect of a recommendation will be upon the foreign policy of the United States. It may well be that an increase in the tariff will endanger our foreign relations with Great Britain or with France or with Japan. But the Tariff Commission has no authority or any power to consider such an issue.

It may well be that an increase in the tariff will cause a great increase in the cost of living to consumers. But the Tariff Commission has no power and no authority to consider that issue.

It may well be that an increase in the tariff will do damage to our exports, because, generally, when we restrict imports we automatically restrict exports. But the Tariff Commission cannot deal with that issue.

Nor can the Tariff Commission deal with what effect the increase in the tariff which it recommends will have upon the fortunes and prosperity of those who handle the imports from abroad.

No; the only issue with which the Tariff Commission can concern itself under existing law is whether or not it either does injury or threatens to do injury to a specific industry which is producing a product in competition with products from abroad.

Nor is that all. As a matter of fact, it must consider not merely an industry as a whole, but it can consider a segment or a small portion of that industry. The cotton manufacturing industry, for example, might be prosperous as a whole, but might be suffering in one particular line. Nevertheless, the Tariff Commission must consider that particular line in which some injury may or may not be occurring. Indeed, it may have to consider simply one product, out of a vast variety of products which the industry as a whole is producing. Further, by law, the Commission can deal with like or directly competitive products. Thus, by definition, an industry with which the Tariff Commission is concerned, is really a segment or particular product and not a whole industry, such as chemicals or textiles. Therefore, the protectionists start off with this great advantage.

In the second place, the injury need not be absolute, but may be only relative. For instance, an industry may claim an injury even though its total sales and total production are increasing, merely because its relative share of an expanding market is diminishing, even though it has suffered no actual injury itself, and merely because in the growth of the industry as a whole, its own product, though larger than before, forms a smaller percentage than it did originally.

Third, under the terms of reference of the law, this injury does not have to come solely from imports. The law merely requires that imports are to have contributed substantially to the injury. Thus, imports do not have to be the sole cause of injury or the predominant cause of injury, but must merely contribute substantially to the injury. In other words, if imports contribute even something to the so-called injury of the industry, they can be held to have contrib-

uted substantially, or more than nothing. This, too, favors the protectionists.

Mr. President, may we have order? The PRESIDING OFFICER. The Senate will be in order.

Mr. DOUGLAS. Fourth, the question comes up, is this relative or theoretical or actual injury due to a concession on the part of the United States Government under the Trade Agreements Act? The answer to this question is that the imports causing the injury need to be the result either in whole or in part of the duty or other custom treatment reflecting the concession. In other words, if a relative injury to a particular product comes even in part from a concession—and even a concession for which we have gained an equally good bargain—the Tariff Commission may find that there is an injury. Therefore, the so-called injury need not come in any great degree from the concession provided it comes in part from the concession. Again, this language favors the protectionists.

Thus, the Tariff Commission by law is required only to inquire into the question of injury or threat of injury. It looks at no other factor such as our foreign relations or whether or not the industry as a whole is profitable, or whether or not much of the problem is due in large part to the backwardness of the industry, or whether or not it conceivably could be economical to produce the product in the United States. It merely asks the single question: Whether or not injury has occurred or whether there is the threat of an injury. And the definitions and terms of reference are so broad that in many cases the Tariff Commission would have a great problem in finding other than that injury, as defined, had occurred.

Therefore it can be seen that by the terms of reference of the existing law, largely fastened into existing law by the Eisenhower administration itself in 1955, the Tariff Commission is greatly restricted in the findings which it can make. It is these restricted findings which the Kerr-Thurmond amendment would now make supreme.

WHAT THE TARIFF COMMISSION CAN RECOMMEND

What is it the Tariff Commission can recommend? If it finds a restricted injury of the type I have cited, it can recommend an increase in duties 50 percent above the 1934 level. Until the present time the power of the Commission to recommend an increase has been limited to 50 percent above the 1945 schedules.

However, the administration, in proposing this bill, surrendered on this point before a single shot was fired, and proposed, instead, that the increase could be 50 percent above the rates prevailing on June 30, 1934. The significance of this lies in the fact that this was before the Cordell Hull reciprocal trade program went into effect, and when the Smoot-Hawley-Grundy tariff was in effect. That was the highest tariff in the history of the United States. So the administration is willing to have the Tariff Commission recommend increases 50 percent above the highest tariff which has ever prevailed in the history of the United States. Further-

more, by the terms of the bill as it came over from the House, the Tariff Commission can take an item off the free list and raise it to 50 percent ad valorem. This power has never existed before.

It can recommend the imposition of quotas. So the Commission is given very broad and tremendous powers to recommend great increases in tariff rates and great restrictions upon the volume of trade.

The interesting point is that the relief which the Tariff Commission can recommend need not bear the slightest relationship to the amount of the concession which the United States has granted in return for a concession from another country. If it can be shown that even a 5-percent reduction in a 20-percent rate, say from 20 percent to 19 percent, played any part in the injury—even though the so-called injury is only relative and even though it affects only a specific product of an otherwise profitable industry—the Tariff Commission could raise rates as much as 50 percent above the 1934 levels, or to as much as 75 percent under the existing terms of the bill. In other words, the authority of the Commission to recommend increased rates bears little or no relationship to the injury or so-called injury which the concession itself has brought about. This is a case where "the punishment does not fit the crime."

Given the point that the Commission must look only at the most narrow issue of injury or threat of injury or relative injury, and given that the definition of these is wide enough to drive a truck through, and given the authority which the Commission has to recommend an increase in rates or the imposition of quotas all out of proportion to the actual injury which a concession has brought, the law as it would become under these provisions of the bill and the Act, would almost certainly result in a protectionist tariff policy.

THE PACKING OF THE TARIFF COMMISSION

Moreover, the present Tariff Commission is a bad Commission. It is a protectionist Commission by at least a 5 to 1 ratio. And, in all but one case the President, while making great pro-reciprocal trade statements has packed the Tariff Commission with high tariff men. He is now the victim of his own folly and much of the problem he faces on this bill is that the opponents of the trade bill, knowing that the Tariff Commission packed by President Eisenhower is protectionist, are trying to take authority away from the President and give it to the Tariff Commission which the President has made a protectionist agency. The chickens have come home to roost, and the President's attempt to have it both ways is now causing him much of the trouble he is having with this bill.

THE DIVIDED-OPINION SECTION

There is a further provision in the Senate version of the bill which ties the hands of the President even more. Under present law when the Commission splits evenly on a finding of injury or a recommendation, the President can choose which course of action he wishes to follow. He is not tied to accepting

the recommendation of either group, but may choose which he may recommend or accept, or which to reject.

Under the Finance Committee provisions:

In any case of a divided vote the findings and recommendations of the Commission shall be the findings and recommendations of that group within the Commission which recommends the greatest measure of relief.

What then would be the situation?

First, we have a Tariff Commission which is packed with protectionists and which by its very nature is in almost complete sympathy with the claims of the protectionists.

Second, we have a law under which injury or the threat of injury or relative injury is so defined that a finding of injury is almost a certain result.

Third, under the law the Tariff Commission can recommend relief which bears no conceivable relationship to the injury which a concession has brought about.

Finally, when the Tariff Commission is divided on whether or not there is injury and the recommended relief, the findings and recommendations of the Commission become those of that group which recommends the greatest measure of relief.

If there were ever a case where the rules of the game were one sided this is it. These various provisions of the law virtually turn the Reciprocal Trade Act into a protectionist's paradise. This would be the case even if the bill contained ample authority to reduce tariffs, but under the Finance Committee version, the tariff-reducing authority is so reduced and so burdened with restrictions that for all practical purposes the bill as it came from the Finance Committee is nothing more or less than a tariff-increase bill.

It is in this context that the Kerr-Thurmond amendment must be considered.

THE KERR-THURMOND ESCAPE-CLAUSE AMENDMENT

Under the present law the President has the authority to accept or reject the findings of the Tariff Commission. If he rejects them he must inform the Congress of this fact and must give his reasons.

The President, therefore, has at present a review of the findings of the Commission and, while he is restricted concerning the points he may review, he may, nonetheless, give consideration to a variety of issues such as what is in the best interest of the country, whether or not accepting the Commission finding may bring retaliation, whether or not the domestic industry as a whole is, in fact, prosperous, and numerous other issues which he, as President of all the people, consumers, and exporters and producers alike, should properly consider. It is not unusual, therefore, given the specific language of the law, that the President, on occasion, should reject the findings of the Tariff Commission.

The Kerr-Thurmond amendment would provide that this recommendation of the Tariff Commission is to hold even though the President disagrees with it, unless both Houses of Congress, by ma-

jority vote within 90 days, reject the recommendation. It is no longer to be within the power of the President to reject the finding if he considers that the recommendation is not in the public interest. Even if he thinks it is not in the public interest, then only if he is upheld by both Houses of Congress will the recommendation be turned down.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. DOUGLAS. Mr. President, I ask that I may have 7 minutes more on the bill.

Mr. JOHNSON of Texas. I yield 7 minutes to the Senator from Illinois.

Mr. DOUGLAS. Thus, it is very possible and in fact probable that in many cases the findings of an appointed Commission, and even as few as half of the Commission, would go into effect over the objections of an elected President and the elected Members of one House of the Congress. In fact, the President and the Senate, who have at least primary jurisdiction over foreign policy, could well upset the Tariff Commission only to find that the House of Representatives, which does not have primary jurisdiction over foreign policy, would fail to support the President even though the President objected to the Tariff Commission findings on foreign policy grounds.

Second, I think we all know the difficulties which are involved in getting any bill or resolution through Congress. What the new provision means is that the burden of proof lies with the elected President and the proponents of reciprocal trade. All the weight of inertia, which is a powerful factor in legislative proceedings, lies with the protectionists.

Moreover, as any finding of the President which comes before Congress in the last 90 days of a session, or any finding which comes during a recess, can be put over until the first 90 days of a new session or a new Congress, the fact is that most of the action on these matters will have to take place during the first 90 days of a session. Consequently, although each Tariff Commission finding of injury may represent only a minor industry with minority support in Congress, a number of these minor but vocal producer groups banding together could easily form a majority to stop all congressional action in support of the President.

Thus, in every way, under this provision, the advantage lies with the protectionists. We all know that the general interests of consumers are seldom adequately represented in Congress because they are diffused, although producer interests, which are narrow and powerful, are strongly represented in Congress. It is the producer interests which appear before congressional committees. It is they who have the funds to hire Washington representatives. It is they who send the telegrams and make phone calls and put the pressures on Members of Congress in support of their particular interests, without judging or being in a position to judge what is in the best national interest. Because of all this, it would be very difficult for Congress to take specific action to support

the President in both Houses within 90 days when a specific powerful interest, or a group of specific interests, were in opposition to the President's action.

It is in this way that the cards would be stacked against the principals of reciprocal trade if the new escape-clause amendment were to become law. Thus the Kerr amendment adds insult to existing injury.

I am not one who believes that the President always knows best. On the contrary, I know that at times we have had unworthy Presidents, and that their advisers get frequently swollen with a little brief authority. In matters of national defense, for example, Congress, from the days of the Truman committee on, has had, on the whole, a better record than the Executive and the Department of Defense itself.

But we are at our worst in dealing with tariffs. The general interests of consumers are so diffused, while the pressures of industries which want protection are so strong and concentrated, that the latter are able to conquer the former as the small armed bands of Cortez and Pizarro overpowered the Indian masses under Montezuma and the Incas.

The Presidency, with all its faults—and I think I am aware of most of its faults—is in a better position to consider the interests of consumers and exporters and to adjust trade policies to the realities of international relations. Certainly this is a time, above all others, when the Western democracies should stand together. It is not a time to start a trade war with them or with the other nations which are allied in the common cause.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the able Senator from New Mexico.

Mr. ANDERSON. Mr. President, I have been a little disappointed to hear the charge that Senators who voted in committee for the Kerr-Thurmond amendment might be regarded as protectionists. I can recognize that they are not to be termed "protectionists" so far as the tariff is concerned, but they might properly be regarded as protectionists of the original principles under which reciprocal trade was established.

Before the Senate votes upon the amendment I think it important to consider briefly how we got the reciprocal trade program and what those who were in charge of it believed. I say that because I think there has been a tendency or a trend to get away from what originally were regarded as its purposes.

The able Senator from South Carolina referred earlier today to the fact that 87 applications for relief had been filed with the Commission; that 74 investigations had been completed; that in 25 investigations the Commission had decided for escape action; and that in 17 cases the President had declined to invoke the escape clause.

The Tariff Commission is an arm of Congress. It was created on September 8, 1916—I am quoting from the act—"as an independent, nonpartisan body whose principal function is to ascertain facts upon the basis of which Congress may determine tariff policies, the rates of duty to make policies effective, and meth-

ods of customs administration, and on which the President may base certain administrative acts in relation to these matters."

In 1916 we still recognized that the provision placing upon Congress the right to fix tariffs was a part of the Constitution. Congress was empowered to determine tariff policies.

The House minority views accompanying the current reciprocal trade bill contains in this language:

It is plain that the President should accept the Tariff Commission's findings of fact, particularly where they are unanimous. * * *

The Tariff Commission, in arriving at its recommendations, has studied the problem over a period of up to 9 months. It has consulted with members of the industry, made field investigations, and collected detailed statistics. The President, on the other hand, has devoted through his staff, only 60 days to the study of the matter. The Tariff Commission, moreover, is a body whose expertise in the field of tariffs and trade matters is conceded. It is nothing short of incredible that the President should, in the absence of compelling national defense reasons, take issue with the Tariff Commission's findings.

Let us go back to the 1934 Reciprocal Trade Act. This proposal was submitted to Congress by Franklin D. Roosevelt. In transmitting the bill to Congress, President Roosevelt said that the authority he requested was proposed for use "within carefully guarded limits to modify existing duties and import restrictions in such a way as will benefit American agriculture and industry."

I call that to the attention of the able Senator from Oklahoma [Mr. KERR], who pointed out what has happened to American industry under the operation of the policy; and I say that such a result is a complete denial of the things President Roosevelt was trying to achieve.

I quote further from President Roosevelt's statement:

You and I know, too, that it is important that the country possess within its borders a necessary diversity and balance to maintain a rounded national life, that it must sustain activities vital to national defense, and that such interests cannot be sacrificed for passing advantage. * * * The exercise of the authority which I propose must be carefully weighed in the light of the latest information, so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign-trade relations must rest on the premise of undertaking to benefit, and not to injure, such interests. In a time of difficulty and unemployment such as this, the highest consideration of the position of the different branches of American production is required.

That was the theme in 1934. Some may remember that at that time there were financial troubles all around the world, and particularly in the United States. At about that period, some of us were helping administer relief programs.

Mr. KERR. Mr. President, will the Senator from New Mexico yield to me?

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Does the Senator from New Mexico yield to the Senator from Oklahoma?

Mr. ANDERSON. I am glad to yield.

Mr. KERR. Does the Senator from New Mexico recall that at about the time when President Roosevelt was recommending that careful consideration be given so as not to jeopardize American industry there was on the statute books, on the average, five times as much tariff protection as there is today, in view of the tariff reductions made since that time?

Mr. ANDERSON. Yes; I recognize that. And even when the tariffs were very much higher, President Roosevelt said it was necessary to be careful about how the power to reduce duties was used, for fear that some part of the American economy might be damaged.

The PRESIDING OFFICER. The time yielded to the Senator from New Mexico has expired.

Mr. ANDERSON. Mr. President, will the Senator from Texas yield 5 additional minutes to me?

Mr. JOHNSON of Texas. I yield 5 additional minutes to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 5 additional minutes.

Mr. ANDERSON. Mr. President, President Roosevelt was the one who helped devise the machine. I have found that the experience of most Americans is that the man who makes a machine knows how to operate it.

The record shows that when President Roosevelt was in office and when these matters came to him for consideration, he did not upset the recommendations of the Tariff Commission. It is true that most of his actions in connection with this matter were taken under section 336 of the 1930 Tariff Act; but he concurred in each of 16 cases on which the Tariff Commission reported from 1934 to 1941. He knew what the program was, and he did not lightly toss aside the recommendations of the Tariff Commission, which was in possession of the facts.

Only a slight change occurred when President Truman took office. He concurred in the one case the Commission reported to him under section 336. It involved almonds. President Truman three times invoked the escape-clause provision—in cases which involved women's fur-felt hats and hat bodies, hatters' fur, and dried figs. He recognized that it was important to follow the recommendations of the Tariff Commission, and in only two instances did he upset the recommendations of the Commission.

When we consider the third period during which the same power has been delegated by Congress to the President, we find that in 15 instances President Eisenhower has upset the findings of the factfinding body which was set up by Congress for the purpose of determining what should be done. It is as a result of that situation that the Members of the Senate became worried, because if the recommendations made by the expert boards are continually rejected, then, of course, there will be trouble.

I was a member of the Ways and Means Committee of the House of Representatives when this matter came up in 1945. At that time we were not involved

in any fight similar to the one the House had several years ago, because it was understood that the then President of the United States was trying to administer the law in the way Congress intended, namely, as a delegation to the Tariff Commission, first of all, and then to the President, of a power which he exercised only in case of an extremely serious situation.

I believe that the action taken the other day by the Senate Finance Committee, in which I participated, was very little more than a vote of no confidence in the way in which this matter has recently been handled. If the matter had been handled in the way President Roosevelt, who first made the recommendation to Congress, handled it, we would neither see nor need such a provision in the pending bill. It is in the bill only because of a complete lack of desire, on the part of President Eisenhower, to do what was originally intended by the escape clause. That is why this trouble has developed today.

Mr. President, what is the background of the escape clause? On February 25, 1947, President Truman issued Executive Order 9832, which provided for inclusion in every trade agreement thereafter entered into under the 1934 Reciprocal Trade Act of—

a clause providing, in effect, that if, as a result of unforeseen developments and of the concession granted by the United States on any article in the trade agreement, such article is being imported in such increased quantities and under such conditions as to cause, or threaten, serious injury to domestic producers of like or similar articles, the United States shall be free to withdraw the concession, in whole or in part, or to modify it, to the extent and for such time as may be necessary to prevent such injury.

That is the meaning of the escape clause.

In issuing that order, President Truman stated:

I wish to make clear that the provisions of the order do not deviate from the traditional Cordell Hull principles. They simply make assurances doubly sure that American interests will be properly safeguarded.

I believe that some of us need to bear in mind President Truman's statement that—

I wish to make clear that the provisions of the order do not deviate from the traditional Cordell Hull principles.

If we wish to do this job in the way Cordell Hull envisioned it would be done, and as he clearly pointed out to the Congress was the proper way, we should not allow these recommendations to be lightly set aside.

Mr. President, what conclusion is to be drawn from the foregoing?

The escape clause was written into the law in 1951. Let us look at the case of lead and zinc. In that connection the Commission unanimously reported to the President on April 24 of this year that manufactured lead and manufactured zinc imports were causing "serious injury to the respective domestic industries producing like or directly competitive products."

That report was made to the President by the Commission on April 24, 1958, but he declined to act on the ground that remedial legislation was pending before Congress.

Mr. President, does anyone have any idea about what would have happened under the previous administrations, following such a recommendation by the Tariff Commission? The previous administrations would have followed the recommendation of the Tariff Commission. It is only because President Eisenhower now declines to follow the Tariff Commission's recommendations that this trouble has developed at this time.

Mr. President, I hope the Congress will now take back the power it delegated to the President and never should have lost.

The PRESIDING OFFICER. The additional time yielded to the Senator from New Mexico has expired.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Wyoming [Mr. O'MAHONEY].

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 5 minutes.

Mr. O'MAHONEY. Mr. President, the question today before the Senate is not one of tariffs. The question is one of the fundamental constitutional procedure of a government of, for, and by the people.

I notice that those who have moved to strike out the amendment of the Senator from Oklahoma [Mr. KERR] as approved by the Finance Committee, are recruited from both the Democratic and Republican sides. If I had time to do so, I could quote the declarations of both Democratic and Republican champions, such as Jefferson and Lincoln, in support of my contention that government of the people can be exercised only through the Congress.

The Congress is delegating away its constitutional power to make tariff laws and to lay imposts and the duties.

It is said that the Congress delegates this power to the President. However, the delegation to the President is in name only. In fact, it is not the President who will exercise this legislative power of Congress. Instead, it is the anonymous and unnamed persons appointed by him, who, in many cases, never have faced a ballot box in all their

lives, who do not represent any State, who do not represent any congressional district, who do not represent the people, but who represent only their own ideas about what is good for the people.

Mr. President, I am convinced that the Members of Congress, in thinking too much of this measure as a tariff bill, are forgetting that this generation is seeing a big change in governments occur throughout the world. I say to my colleagues here on the floor that they cannot hope that the United States of America will lead the world toward free government if the Congress of the United States continues to delegate to others its constitutional powers to those who are appointed by the President and those who are around him.

Yesterday afternoon the Secretary of the Treasury and the Director of the Bureau of the Budget issued a joint statement; and I ask unanimous consent to have it printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

JOINT STATEMENT OF ROBERT B. ANDERSON, SECRETARY OF THE TREASURY, AND MAURICE H. STANS, DIRECTOR OF THE BUREAU OF THE BUDGET

Both receipts and expenditures for the fiscal year 1958, which ended last June 30, were less than had been estimated in the budget last January, according to the preliminary year-end reports shown in the monthly budget statement for June.

Receipts were \$69.1 billion, and expenditures were \$71.9 billion, resulting in a budget deficit of \$2.8 billion. In January, a deficit of \$0.4 billion had been estimated.

The results for fiscal year 1958 as compared with January estimates and with results for 1956 and 1957 are shown in the following table. The figures are based on preliminary reports and are subject to later revision:

Budget totals				
[Fiscal years. In billions]				
	1956 actual	1957 actual	1958	
			January estimate	Actual
Receipts.....	\$68.2	\$71.0	\$72.4	\$69.1
Expenditures.....	66.5	69.4	72.8	71.9
Surplus or deficit...	+1.6	+1.6	-.4	-2.8

Budget receipts and expenditures

[Fiscal years. In millions]

Descriptions	1957 actual	1958		
		January estimate	Actual	Change from January estimate
RECEIPTS BY SOURCE				
Individual income taxes.....	\$39,030	\$40,800	\$38,569	-\$2,231
Corporation income taxes.....	21,531	20,800	20,533	-267
Excise taxes (net).....	9,159	9,072	8,698	-374
All other receipts and customs (net).....	5,227	5,957	5,806	-151
Total.....	74,947	76,629	73,606	-3,023
Refunds of receipts (-).....	3,917	4,229	4,523	+204
Net budget receipts.....	71,029	72,400	69,083	-3,317

Budget receipts and expenditures—Continued

[Fiscal years. In millions]

Descriptions	1957 actual	1958		
		January estimate	Actual	Change from January estimate
EXPENDITURES BY MAJOR AGENCY				
Legislative branch and the Judiciary.....	\$135	\$159	\$143	—\$16
Executive Office of the President.....	10	12	11	—1
Funds appropriated to the President:				
Mutual security program.....	3,951	3,749	3,594	—155
Other.....	160	405	466	+61
Independent offices:				
Atomic Energy Commission.....	1,990	2,300	2,275	—25
Veterans' Administration.....	4,805	5,124	5,098	—26
Other.....	915	1,021	944	—77
General Services Administration.....	570	447	425	—22
Housing and Home Finance Agency.....	—23	207	197	—10
Department of Agriculture.....	5,006	5,327	4,887	—440
Department of Commerce.....	562	652	646	—6
Department of Defense:				
Military functions.....	38,439	38,861	39,010	+149
Civil functions.....	639	662	738	+76
Department of Health, Education, and Welfare.....	2,295	2,745	2,645	—100
Department of the Interior.....	572	647	666	+19
Department of Justice.....	214	223	229	+6
Department of Labor.....	418	463	567	+104
Post Office Department.....	518	686	675	—11
Department of State.....	179	228	203	—25
Treasury Department:				
Interest on the public debt.....	7,244	7,800	7,612	—188
Other.....	805	841	842	+1
District of Columbia.....	26	30	25	—5
Allowance for contingencies.....		200		—200
Budget expenditures.....	69,433	72,788	71,897	—891

Mr. O'MAHONEY. Mr. President, the statement shows that the deficit of the United States on the 30th of June 1958 was \$2,800,000,000. The Secretary of the Treasury and the Director of the Bureau of the Budget say that both receipts and expenditures for the fiscal year 1958, which ended last June 30, were less than had been estimated by the Bureau of the Budget last January, according to the preliminary year-end reports shown in the monthly budget statement for June.

In other words, when the President submitted his budget he anticipated that the deficit for 1958 would be less than \$500 million. It turns out to be \$2,800,000,000. Now it is estimated that the budget deficit for 1959, the fiscal year in which we are at present, will be at least \$10 billion.

Let me add to my statement that in the next 12 months the Treasury of the United States will have to refinance \$74,718,660,692 of the public debt.

The PRESIDING OFFICER. The time of the Senator from Wyoming has expired.

Mr. O'MAHONEY. I ask for 2 additional minutes.

Mr. JOHNSON of Texas. I yield 2 additional minutes to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 2 additional minutes.

Mr. O'MAHONEY. As a matter of fact, between the 24th of July and the 25th of December it will be necessary for the Treasury Department to refinance, in terms of national debt, \$36,600,000,000.

Do my colleagues know what that means? Do they know that the interest upon the national debt for the year 1958, amounting to \$7,612,000,000, was the second largest expenditure made by our Government?

At this moment in the Appropriations Committee room there is before that committee the mutual aid or foreign aid bill, which calls for an expenditure of approximately \$3,900,000,000. Our country is spending its income of the future, and in this situation it is proposed by the authors of the pending amendment to strike from the bill the Kerr amendment and to have the Congress of the United States surrender its power to unknown individuals in the Office of the President.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "One Year Maturities Are \$74,718,666,692," which was published in the New York Times of yesterday.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times of July 21, 1958]

ONE-YEAR MATURITIES ARE \$74,718,666,692

Direct obligations of the United States Government in the hands of the public that will mature within 12 months amount to \$74,718,666,692. They consist of Treasury securities as follows:

July 24, discount bills.....	\$1,699,865,000
July 31, discount bills.....	1,701,714,000
Aug. 1, 4-percent certificates of indebtedness.....	11,519,077,000
Aug. 1, serial E savings bonds ¹	2,231,613,495
Aug. 1, serial F savings bonds ¹	125,960,692
Aug. 1, serial G savings bonds ¹	869,751,100
Aug. 7, discount bills.....	1,700,410,000
Aug. 14, discount bills.....	1,700,027,000
Aug. 21, discount bills.....	1,800,750,000
Aug. 28, discount bills.....	1,800,230,000
Sept. 4, discount bills.....	1,800,204,000
Sept. 11, discount bills.....	1,700,209,000
Sept. 15, 2½-percent Treasury bonds.....	3,818,002,500
Sept. 15, 2¾-percent Treasury bonds.....	926,811,000
Sept. 18, discount bills.....	1,701,012,000

Sept. 25, discount bills.....	\$1,700,384,000
Oct. 1, 1½-percent Treasury notes.....	121,269,000
Oct. 2, discount bills.....	1,700,356,000
Oct. 9, discount bills.....	1,700,060,000
Oct. 16, discount bills.....	1,700,003,000
Dec. 1, 3¾-percent certificates of indebtedness.....	9,832,719,000
Dec. 15, 2½-percent Treasury bonds.....	2,368,365,500

1959	
Jan. 1, serial E savings bonds.....	2,264,464,636
Jan. 1, serial F savings bonds.....	201,882,669
Jan. 1, serial G savings bonds.....	1,244,254,100
Feb. 14, 2½-percent certificates of indebtedness.....	9,769,891,000
Feb. 15, 1⅞-percent Treasury bonds.....	5,102,277,000
Apr. 1, 1½-percent Treasury notes.....	118,847,000
May 15, 1¼-percent certificates of indebtedness.....	1,798,257,000
Total.....	74,718,666,692
Week ago.....	74,719,963,695
Year ago.....	81,408,480,124

¹ Maturing monthly within a year from this date forward.

Mr. O'MAHONEY. Mr. President, I also ask unanimous consent to have printed in the RECORD a memorandum on the public debt of the United States for selected years.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

The public debt of the United States, selected years, 1929-58
[In billions]

June 30:	
1929.....	\$16.9
1939.....	40.4
1949.....	252.8
1954.....	271.3
1955.....	274.4
1956.....	272.8
1957.....	270.6
1958.....	276.4

(Annual Report of the Secretary of the Treasury on the State of the Finances, for the fiscal year ended June 30, 1956.)

Mr. O'MAHONEY. Mr. President, I also ask unanimous consent to have printed in the RECORD a memorandum on United States Treasury receipts for the years 1928 to 1937. It shows how the income of the Nation in a recession declines without any tax reduction.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

United States Treasury receipts, 1928-37
[In billions]

Year	Income and profits taxes	Total receipts
1928.....	\$2.174	\$4.042
1929.....	2.331	4.033
1930.....	2.411	4.178
1931.....	1.860	3.190
1932.....	1.057	2.006
1933.....	.746	2.080
1934.....	.818	3.116
1935.....	1.099	3.800
1936.....	1.427	4.116
1937.....	2.163	5.294

Source: Annual Report of the Secretary of the Treasury on the State of the Finances, for the fiscal year ended June 30, 1956.

Mr. KERR. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. KERR. If the pending amendment to strike shall be agreed to, will it not be a vote of confidence in appointees anonymous?

Mr. O'MAHONEY. Appointees anonymous. I congratulate the Senator. I wish I were the author of the phrase. It is perfectly correct.

Mr. KERR. A vote of confidence in appointees anonymous.

Mr. O'MAHONEY. And not in the elected representatives of the people.

Mr. KERR. That is correct.

Mr. O'MAHONEY. We ourselves are giving up free government.

The PRESIDING OFFICER. The time of the Senator from Wyoming has expired.

Mr. JOHNSON of Texas. Mr. President, is there any time remaining on the amendment?

The PRESIDING OFFICER. The Senator from Texas has 3 minutes remaining on the amendment.

Mr. JOHNSON of Texas. I had intended to use up the time on the amendment rather than on the bill. I hope the last 3 minutes will be considered as having been used on the amendment rather than on the bill.

The PRESIDING OFFICER. The time will be so transferred.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Texas [Mr. JOHNSON] for himself and other Senators. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Missouri [Mr. HENNINGS], the Senator from Florida [Mr. HOLLAND], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent because of illness.

On this vote, the Senator from Florida [Mr. HOLLAND] is paired with the Senator from North Dakota [Mr. YOUNG]. If present and voting, the Senator from Florida would vote "yea" and the Senator from North Dakota would vote "nay."

I further announce that if present and voting, the Senator from Missouri [Mr. HENNINGS] and the Senator from Massachusetts [Mr. KENNEDY] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from North Dakota [Mr. YOUNG] and the Senator from Ohio [Mr. BRICKER] are detained on official business.

The Senator from North Dakota [Mr. YOUNG] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from North Dakota

would vote "nay" and the Senator from Florida would vote "yea."

The result was announced—yeas 63, nays 27, as follows:

YEAS—63

Alken	Flanders	Monroney
Allott	Fulbright	Morse
Beall	Gore	Morton
Bennett	Green	Mundt
Bridges	Hickenlooper	Neuberger
Bush	Hill	Pastore
Butler	Hruska	Payne
Byrd	Humphrey	Potter
Capehart	Ives	Proxmire
Carlson	Jackson	Purtell
Carroll	Javits	Robertson
Case, N. J.	Johnson, Tex.	Saltonstall
Case, S. Dak.	Kefauver	Schoeppel
Church	Knowland	Smith, N. J.
Clark	Kuchel	Sparkman
Cooper	Langer	Stennis
Cotton	Lausche	Symington
Dirksen	Mansfield	Thye
Douglas	Martin, Iowa	Watkins
Eastland	Martin, Pa.	Wiley
Ellender	McNamara	Williams

NAYS—27

Anderson	Hayden	McClellan
Barrett	Hoblitzell	Murray
Bible	Jenner	O'Mahoney
Chavez	Johnston, S. C.	Revercomb
Curtis	Jordan	Russell
Dworschak	Kerr	Smathers
Ervin	Long	Smith, Maine
Frear	Magnuson	Talmadge
Goldwater	Malone	Thurmond

NOT VOTING 6

Bricker	Holland	Yarborough
Hennings	Kennedy	Young

So the amendment offered by Mr. JOHNSON of Texas, for himself and other Senators, was agreed to.

Mr. KNOWLAND. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

Mr. PAYNE. Mr. President, I offer the amendment which I send to the desk. It is designated "7-21-58-A."

The PRESIDING OFFICER. Does the Senator from Maine desire to have the amendment read, or printed in the RECORD without reading?

Mr. PAYNE. I ask unanimous consent that the reading of the amendment be dispensed with, in view of the fact that a copy of the amendment is on the desk of each Senator.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

The amendment of Mr. PAYNE was, on page 15, after line 16, to insert the following new sections:

SEC. 6. Subsection (c) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (c)), is amended to read as follows:

"(c) (1) Within 30 days after receipt of the Tariff Commission's recommendations, the President shall proclaim such adjustments in the rate or rates of duty, impose such quotas, or make such other modifications as are recommended by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, unless prior to the expiration of such 30 days, the President shall have submitted a report to the Congress recommending that no such adjustments or modifications be made, or no such quotas be imposed, or recommending that alternative means of preventing or remedying serious injury to the respective domestic industry be adopted.

Such recommendations by the President shall become effective, unless prior to the expiration of 60 days, or in the event the Congress is not in session at the time the recommendation is submitted, within 30 days after the Congress next convenes, both Houses of Congress shall have adopted a concurrent resolution stating in effect that the Senate and House of Representatives approve the recommendations made by the Tariff Commission, in which event the President shall take such action as may be necessary to carry out the recommendations so approved.

"(2) In any case of divided vote calling for the application of subsection (d) (1) of section 330 of the Tariff Act of 1930 (19 U. S. C., sec. 1330), as amended, the findings and recommendations of the Commission for the purposes of this subsection shall be the findings and recommendations of that group within the Commission which recommends the greatest measure of relief (as specified by the President in his report to the Congress pursuant to paragraph (1)), and which the President is authorized to consider as the findings and recommendations of the Commission under such section 330."

SEC. 7. (a) The following subsections of this section are enacted by the Congress:

(1) As an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in such House in the case of resolutions (as defined in subsection (b)); and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) With full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

(b) As used in this section, the term "resolution" means only a concurrent resolution of the two Houses of Congress, the matter after the resolving clause of which is as follows (with appropriate changes to cover the situation referred to in section 7 (c) (2) of the Trade Agreements Extension Act of 1951, as amended by the Trade Agreements Extension Act of 1958):

"That the Senate and House of Representatives approve the action—

"(1) found and reported by the United States Tariff Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, in its report to the President dated , 19 , on its escape-clause investigation numbered under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), and

"(2) disapproved by the President in whole or in part in his report (dated , 19) pursuant to paragraph (1) of section 7 (c) of such act."

the blank spaces therein being appropriately filled; and does not include a concurrent resolution which specifies more than one such investigation.

(c) A resolution with respect to an investigation shall be referred to the Committee on Finance of the Senate or to the Committee on Ways and Means of the House of Representatives by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

(d) (1) If the committee to which has been referred a resolution with respect to an investigation has not reported it before the expiration of 10 calendar days after its introduction (or, in the case of a resolution received from the other House, 10 calendar days after its receipt), it shall then (but not before) be in order to move either to dis-

charge the committee from further consideration of such resolution, or to discharge the committee from further consideration of any other resolution with respect to such investigation which has been referred to the committee.

(2) Such motion may be made only by a person favoring the resolution, shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same investigation), and debate thereon shall be limited to not to exceed 1 hour, to be equally divided between those favoring and those opposing the resolution. No amendment to such motion shall be in order, and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

(3) If the motion to discharge is agreed to or disagreed to, such motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same investigation.

(e) (1) When the committee has reported, or has been discharged from further consideration of, a resolution with respect to an investigation it shall at any time thereafter be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of such resolution. Such motion shall be highly privileged and shall not be debatable. No amendment to such motion shall be in order and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

(2) Debate on the resolution shall be limited to not to exceed 10 hours, which shall be equally divided between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order, and it shall not be in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(f) (1) All motion to postpone, made with respect to the discharge from committee, or the consideration of, a resolution with respect to an investigation, and all motions to proceed to the consideration of other business, shall be decided without debate.

(2) All appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to an investigation shall be decided without debate.

(g) If, prior to the passage by one House of a resolution of that House with respect to an investigation, such House receives from the other House a resolution with respect to the same investigation, then—

(1) If no resolution of the first House with respect to such investigation has been referred to committee, no other resolution with respect to the same investigation may be reported or (despite the provisions of subsection (d) (1) be made the subject of a motion to discharge.

(2) If a resolution of the first House with respect to such investigation has been referred to committee—

(A) the procedure with respect to that or other resolutions of such House with respect to such investigation which have been referred to committee shall be the same as if no resolution from the other House with respect to such investigation had been received; but

(B) on any vote on final passage of a resolution of the first House with respect to such investigation the resolution from the other House with respect to such investigation shall be automatically substituted for the resolution of the first House.

Mr. PAYNE. Mr. President, I yield myself 10 minutes.

This amendment is offered in order to fill the void in the Reciprocal Trade Agreements Act which the adoption of the distinguished majority leader's amendment has just created. Essentially it is aimed at arriving at a compromise on this vital question affecting the escape-clause provision of the act.

A careful study of the escape-clause provisions adopted by the Committee on Finance and which have just been stricken from the bill as a result of the adoption of the Johnson amendment clearly shows that if they had been passed by the Senate they would have all but nullified the foreign trade program. The Finance Committee's provisions were extreme provisions which would have completely tied the hands of the President in an area often crucial to the Nation's foreign-policy goals and economic welfare and in an area where the President must be given some discretion to act in the best interests of the Nation. Even the most ardent opponents of foreign trade will admit that the nullification of this program is not their objective and not to the advantage of the United States. It was this extreme nature of the Finance Committee's escape-clause provisions which led me to cast my vote against them.

On the other hand, the amendment proposed by the distinguished majority leader, my good friend Mr. JOHNSON, and which we have just adopted, goes to the other extreme. It strikes out the entire escape-clause provision which had been adopted by the Committee on Finance and continues the escape-clause provisions now in effect in the law. These, as we all know so well, have proved ineffective in alleviating the plight of certain domestic industries which have had to bear the brunt of our foreign-trade concessions. The escape-clause provisions which are now in the law leave the full decision in each escape-clause case in the hands of the President. On numerous occasions the President has decided not to follow the recommendations of the Tariff Commission for reasons not always satisfactory to all concerned, thereby leaving many industries defenseless against the flood of cheap foreign commodities. To return to the present provisions, therefore, would be most unwise and would merely serve to develop even more opposition to the foreign-trade program—opposition which I am certain could at some point in the future grow strong enough to ruin it entirely. We must have a more reasonable approach to the program. We must not seek extremes. I believe, Mr. President, that my amendment would represent a fair compromise acceptable to both the proponents and opponents of foreign trade.

In essence my amendment would restore to the bill now before us the escape clause provisions of the House version with one major exception: the two-thirds vote required in the House version would be changed to a majority vote. It is apparent that a two-thirds vote would make the escape clause pro-

vision as ineffective as it now is. It would be almost impossible to obtain such a vote on any given escape clause case and would therefore make the escape clause provision most unrealistic. A majority vote, on the other hand, would be entirely in the realm of possibility and would be more in line with normal legislative practice.

Mr. President, another important change which my amendment would effect on both the House and Senate versions concerns the length of time Congress would be given to consider an escape clause case if the case had been referred to it while Congress was not in session. The House version provided that those days which transpire between the time the case is referred to the Congress and the time when Congress convenes are to be subtracted from the 60-day period allotted Congress to act on such cases. Should a case, therefore, be referred to Congress early in September it could be that Congress, upon reconvening, would find itself in the ridiculous position where it would have zero days to act.

The Senate version, on the other hand, provided that if a case is referred to Congress while Congress is not in session, Congress shall have the full 90 days allotted to it for such cases upon reconvening. This could mean, Mr. President, that as much as half a year could pass before Congress acted upon an escape clause case. This, along with the amount of time the Tariff Commission and the President have in which to handle such cases could mean the delay of months and months before an industry obtained any relief.

My amendment would provide a much more reasonable time factor by giving Congress 30 days after it convenes to act upon an escape clause case which had been referred to it while it was not in session.

Another important change which my amendment would make to the House version is that it would provide that in the case of a divided vote in the Tariff Commission, those findings and recommendations of that group within the Commission which recommend the greatest measure of relief would be the findings and recommendations which the Congress would be authorized to consider as the Commission's decision on any given escape clause case. This provision of my amendment, Mr. President, is the same as was included in the Finance Committee's bill. The House bill made no provision whatsoever in the event of a divided vote in the Tariff Commission.

The amendment I have introduced makes no other changes in the House version other than those I have just mentioned. It provides that Congress shall have 60 days in which to act on an escape-clause case after it has been referred to Congress by the President. And what is more important, like the House version, my amendment also provides that the President's recommendations would become effective in the event of congressional inaction. The Finance Committee's version had reversed this

and had provided that the Tariff Commission's recommendations would be in effect in the event Congress had not taken action in the allotted time. In my estimation this was a negative approach. After all, the purpose of both the Senate escape-clause provisions and those of the House were to permit the Congress to retain some of its constitutional powers in the realm of foreign trade. Their purpose was to restore to Congress its traditional authority to delegate to the President only those powers in matters of foreign trade which the Congress wants him to have. For that reason, in escape-clause cases where the President differs from the Tariff Commission, the Congress should act upon the President's decision and not upon the Tariff Commission's recommendations. And if the Congress fails to act upon the President's decision, then his decision should stand as the final affirmative action based on careful consideration. Otherwise, Congress would be having its cake and eating it, too. It is for this reason that I believe it necessary to restore the House provision concerning this important point.

There is precedent, Mr. President, for my proposal. On July 2 of this year an amendment to the Atomic Energy Act of 1954 was enacted into law, giving the President the right to enter into agreements with our allies on nuclear matters. In approving an agreement, the President must send his findings to Congress where they are referred to the Joint Committee on Atomic Energy, where action must be taken within 60 days—except during this Congress, where 30 days are allotted. If during this period both Houses of Congress disapprove the agreement by concurrent resolution—exactly as my amendment provides—it cannot become effective. If, on the other hand, Congress does not act within that prescribed period of time, the President's agreement can be implemented. Thus my proposals, which are almost identical to those affecting the Atomic Energy Act of 1954, are indeed supported by precedent.

Mr. President, I truly believe that my amendment would avoid the extremes of either the Finance Committee's escape-clause provisions and the provisions now in the law which my good friend and colleague, the majority leader [Mr. JOHNSON], would seek to retain. My amendment would make the escape-clause provision much fairer than those passed by the House, because it would change the two-thirds vote provision which is most unreasonable and substitute therefore a majority vote. It would also make the time factor more realistic and it would force the Congress to act upon escape-clause provisions or otherwise make the President's recommendations effective.

In the interest of our domestic industries, which deserve a much more effective escape-clause provision than the one now in effect, and also in the interest of the foreign-trade program itself, which is being weakened by increasing opposition, I therefore urge my colleagues in the Senate to adopt my amendment which is now under consideration.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). The time of the Senator has expired.

Mr. PAYNE. I yield myself 2 more minutes.

Finally, an argument has been made with reference to the constitutionality of this type of proposal. Let me say merely that the distinguished Senator from Ohio [Mr. BRICKER] answered that question, and answered it very well indeed. He definitely set to rest any question as to the constitutionality of this kind of legislation. As he pointed out, Congress is merely delegating certain powers to the President. All we are doing is establishing a guideline by which a disagreement of Congress with a decision reached by the President may be acted on by Congress.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maine.

Mr. PAYNE. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. SALTONSTALL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Massachusetts request time for that purpose?

Mr. PAYNE. Mr. President, I ask unanimous consent that the quorum may be called without the time being charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, on behalf of the majority leader, I yield 10 minutes to the Senator from Illinois.

Mr. DOUGLAS. Mr. President, I am very glad the Senate has rejected the Kerr-Thurmond amendment, which would have virtually wrecked, for all practical purposes, the reciprocal trade bill. I am very glad we have tried to hold onto the substance of the bill, and have not merely contented ourselves with the symbol. The vote was so decisive that I think it indicates the real opinion of the Senate on the question of reciprocal trade.

Our good friend, the Senator from Maine [Mr. PAYNE], has now come forward with another amendment, which is only slightly less objectionable, because it permits both Houses of Congress to overrule the President by a majority vote of each House.

Mr. PAYNE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PAYNE. I shall ask a simple question. Was objection raised by any Senator, when the Senate acted upon the Atomic Energy Act of 1954 earlier this year, to placing the identical, same provisions and restrictions upon agreements entered into by the President of the United States, requiring Congress to

take positive and affirmative action, by a majority vote as to whether Congress approved of those agreements?

Mr. DOUGLAS. I think the Senator from Maine has become a slave to parliamentary procedure, and that he does not recognize the difference, in substance, between passing on atomic energy matters and passing on tariffs.

Mr. KNOWLAND. Mr. President, will the Senator yield for a moment, so that I may ask for the yeas and nays on the amendment offered by the Senator from Maine?

Mr. DOUGLAS. I yield.

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were ordered.

Mr. ERVIN. In other words, as I interpret the answer of the distinguished Senator from Illinois, he does not distrust the intelligence of Congress; it is merely their character which he distrusts.

Mr. DOUGLAS. I distrust the ability of Congress to defend the general interests of the Nation when Congress is exposed to the pressure of a series of specific producer interests, all asking for tariffs. This is not a theoretical distrust; it is based upon the tariff history of the United States, from the Tariff of Abominations in, I believe, 1830, to the Smoot-Hawley-Grundy tariff of 1930. With the exception of the years from 1846 to 1861, and the Underwood tariff of 1913, those were years in which Congress was virtually helpless at the hands of the groups wanting protection.

Mr. ERVIN. In conformity with those views, does the able Senator from Illinois favor transferring the powers of Congress to some unknown John Does in the State Department?

Mr. DOUGLAS. No. In this particular instance when, after a century, Congress has shown itself unable to legislate for the general interest, with the exception of the 15 years from 1846 to 1861, and with the exception of the Underwood tariff of 1913, I favor delegating authority to the President.

But I remind my good friend that I am not a slave to the idea that Congress should turn everything over to the President and his administrative assistants, because last week I defended the ability of Congress to review the decision of the Department of Defense so far as roles and missions were concerned.

I think that in the field of atomic energy and the field of national defense, the opinions of Congress have, on the whole, been wiser than those of the administration.

Mr. ERVIN. Mr. President, will the distinguished Senator from Illinois yield for a further question?

Mr. DOUGLAS. I am always glad to yield to the Senator from North Carolina or to any other of my colleagues.

Mr. ERVIN. The Senator from Illinois has just stated to the Senator from Maine that there is a distinction between—

Mr. DOUGLAS. The atomic energy bill—

Mr. ERVIN. The atomic energy bill and the bill now pending. Is that dis-

tion this: That the duly-elected representatives in Congress of the people of the United States have sufficient intelligence to understand the abstruse problems which arise in the atomic energy field, but do not possess sufficient intelligence to understand the problems which arise in the field of trade?

Mr. DOUGLAS. I have never doubted the intelligence of my good friend, the Senator from North Carolina, or the intelligence of any other of my colleagues. I think, on the whole, this is the ablest group of persons with whom I have ever had the privilege of being associated.

It is not the intelligence of the House and the Senate which I doubt; it is their ability to withstand the concentrated pressure of industries demanding protection, in view of the fact that the general interest is imperfectly represented, is diffused, and is, thereby, relatively weak.

But in the case of tariffs—and I may say also in the case of public works such as rivers and harbors—the pressure of local interests has swept Congress off its feet. It has been very difficult for Congress to resist those pressures, for the simple reason that concentrated local interests will put pressure on the Representatives, who must stand for reelection every 2 years. It is very hard for them to listen to the still, small voice of the consumer.

Senators come up for reelection every 6 years. It is only in the first 2 years of his term that a Senator feels secure. In the middle 2 years he begins to be apprehensive. In the last 2 years he becomes frightened, unless he comes from a safe State, such as that of the distinguished Senator from North Carolina, who does not have to worry about these matters. Therefore, it is very hard to maintain—for men to maintain their courage in the face of such pressures.

Mr. ERVIN. As I understand the Senator from Illinois, he is perfectly willing to have Congress retain its constitutional powers, within certain limits, in fields which do not present any temptation to the Members of Congress or place any great strain upon their intellect.

Mr. DOUGLAS. No. Our intellects are perfectly capable of dealing with these issues. But I should say that in the matter of tariffs and rivers and harbors, we are like Oscar Wilde, who said he could resist everything except temptation.

Mr. ERVIN. Mr. President, will the Senator yield for a further observation?

Mr. DOUGLAS. I yield.

Mr. ERVIN. It causes me great sorrow to be driven to the inevitable conclusion that the distinguished Senator from Illinois has more confidence, in the character and intelligence of some unidentified persons in the State Department, than he has in the character and intelligence of those with whom he works each day in the Senate Chamber and in the committees of the Senate.

Mr. DOUGLAS. The Senator from North Carolina is distorting the opinions of the Senator from Illinois. I said I had more confidence in the office of the presidency on tariff matters, and I should say also on matters dealing with rivers and harbors.

The best way the Senator from North Carolina can prove me wrong is for him to help our colleagues to develop more resistance to river and harbor bills and also be able to resist the pressure of particular industries which seek protection.

Mr. ERVIN. Mrs. President, the Senator from Illinois has made his position very clear to me.

Mr. DOUGLAS. I hope so.

Mr. ERVIN. The Senator from Illinois has more confidence in the capacity of the President to exercise legislative powers than he does in the Members of Congress to do so; and I thank the Senator from Illinois for making his position so clear.

Mr. DOUGLAS. Mr. President, let me deal with the details of the Payne amendment, after the flurry of objections has subsided for the moment.

The Payne amendment has been offered as a substitute for the Kerr provision of the Finance Committee bill. The Kerr provision, for all practical purposes, delegates to the Tariff Commission authority for final decision to increase tariffs or impose quotas in escape-clause cases, subject only to overriding by a majority vote of both Houses of Congress in the event the President disagrees with the Tariff Commission findings or recommendations and reports to the Congress his disagreement.

The Payne amendment reverses this procedure and, while retaining to the President the essential delegation of authority for final decision in these cases, as in the present law, provides that the Congress may by concurrent resolution override the President's decision and may make the Tariff Commission recommendations final. This provision is analogous to the provision in the bill as passed by the House which permitted a two-thirds vote by both Houses to override a Presidential decision. However, while analogous, it is seriously different in effect and in practice.

The provision in the bill as passed by the House, while unfortunate in its implications that the Congress should reassume a direct responsibility in the fixing of individual tariff rates, has the merit at least of, first, retaining the 60-day period for Presidential consideration of all the factors, foreign policy and other, in a Tariff Commission recommendation, whereas the Payne amendment cuts this period to 30 days; second, approximating the constitutional right of Congress to override a Presidential veto by two-thirds vote; and, third, requiring a major effort to overturn a Presidential decision made in the national interest.

The PRESIDING OFFICER. The time yielded to the Senator from Illinois has expired.

Mr. BYRD. Mr. President, I yield 5 additional minutes to the Senator from Illinois.

Mr. DOUGLAS. I thank the Senator from Virginia.

Mr. President, in the face of cogent arguments by the President, and, presumably of the responsible congressional leadership, it would be difficult for the logrolling process—with which my friend, the Senator from North Carolina [Mr. ERVIN], seems not to be familiar—to muster a two-thirds majority

in both Houses to sustain the Tariff Commission in its narrow view—confined by law to questions of injury or threats of injury to individual industries or segments thereof, of the national interest. It would be far less difficult, however, to obtain a simple majority for this purpose, particularly as that majority might be merely a majority of a quorum or even less in the case of a voice vote, instead of a majority of the membership. It is that difference in degree which would make the difference between a law which would be workable and would retain the basic principle of the trade agreements program of delegation of individual ratemaking to the President under standards and guidelines set forth by the Congress, and one which would make a shambles of the whole program.

An individual case, however important, in which the President might be overridden by two-thirds majority of both Houses, could perhaps be accommodated to the national interest by means of other avenues which might be open. The first successful case, however, under the Payne amendment would open the floodgates. The success of the first case would be the result of the combination of special interests organized for the purpose of accomplishing precisely that objective.

It would not take long. Every special interest which had anything to gain from a high tariff would join in the mass assault on the Tariff Commission. That body, bound by a law which requires it to recommend the increase in tariffs or the establishment of quotas merely because increased imports, actual or relative, resulting in whole or in part from a tariff concession, contributed substantially toward causing or threatening serious injury to a portion or subdivision of a domestic industry, would have little latitude. It would, as it is required by law to do, disregard all consideration of, first, the effect of the decision on American exports; second, its implications with respect to foreign policy; third, the protection of American consumers; fourth, the effect on related American industries, fifth, compensatory reductions on products of other industries to maintain balance in trade agreements.

The influence and authority of the President, who is elected by all the people and who alone, under the Constitution, represents them in the conduct of foreign relations, although of course he should proceed with the advice and the ultimate consent of the Senate—would be drastically reduced.

This is the direction of the Payne amendment. For all intents and purposes, it negates the purpose of the trade agreements program and the objective which Congress had in enacting the original Trade Agreements Act and its ten extensions—namely, to establish the tariff on the basis of the national interest, and to relieve itself of the impossible chore of voting on the level of every individual tariff rate without the time and the information necessary to know what it is doing.

Mr. President, I yield the floor.

Mr. BYRD. Mr. President, I yield 5 minutes to the Senator from New York [Mr. JAVITS].

Mr. JAVITS. Mr. President, I rise to oppose the Payne amendment, because I think it essential that I do so and that the amendment be rejected. I believe that all Members who believe in the trade-agreements law should oppose the Payne amendment.

Personally, I am very fond of the Senator from Maine [Mr. PAYNE]. No Member speaks with greater dedication to his country or greater patriotism, and I know the Senator from Maine offers the amendment in what he considers the best interests of the country. Similarly, I know that he respects my position as much as I respect his. I equally believe that I, too, am seeking to serve the best interests of the country.

I believe the Payne amendment must be opposed because, following the rejection of the Kerr amendment, the Payne amendment looks so mild, so palatable, and so reasonable, that it might have a better chance of adoption, just because it gives the appearance of being easy to take.

But, Mr. President, I think the Payne amendment goes to so fundamental an aspect of the reciprocal-trade policy that the amendment must be opposed and should be rejected. I shall state my reasons for taking that position.

The language written into the bill by the House of Representatives which provides for a two-thirds majority in the case of a "no" vote, was adopted as a compromise, in an effort to mollify the opponents of reciprocal trade; and it was conditioned on the fact that when the Congress reverses a decision of the President on a Tariff Commission recommendation, the Congress practically is trying to override a veto, because Congress has given this statutory power to the President.

So the same means provided by the Constitution for the overriding of the Presidential veto is included in the bill as passed by the House, in order to override such a proposed action by the President.

Even that—and in a moment I shall develop that point—changes the concept of the reciprocal trade program. But at least we could live with such a provision, because if the Congress can reverse the President and can make a law without the President's signature, then, by a similar procedure, it is at least arguable that it should be possible for Congress to reverse the President's decision in connection with the administration of a law regarding which Congress has given him plenary power for a particular period. But when we go beyond that, we really assail the policy which is involved in the bill.

Mr. President, this is the most important time, in terms of world policy, for us not to compromise the fundamental policy involved in the reciprocal trade agreement program, which we are now considering extending.

What is the fundamental principle? It is not only that Congress should not engaged in the time-honored practice of logrolling, in the course of which Mem-

bers trade off with each other individual economic interests, but also that even leaving that aside—although certainly it cannot be left aside; it remains a major argument—the modern world is so complex, the number of items involved is so great, and the individual economic determination so powerful, so almost overwhelming in their character, that Congress cannot intelligently—and I emphasize the word—based upon full information, deal with a multitude of questions of this kind.

By way of authority for those statements, Mr. President, I should like to quote from two widely divergent leaders in American legislative life. One is what Senator Vandenberg said on June 12, 1948, as it appears in the CONGRESSIONAL RECORD:

Tariff rate making in Congress is an atrocity. It lacks any element of economic science or validity. I suspect the 10 Members of the Senate, including myself, who struggled through the 11 months it took to write the last congressional tariff act, would join me in resigning before they would be willing to tackle another general congressional tariff revision.

Senator Taft, in an interview over the Columbia Broadcasting System on May 27, 1948, said:

I would be very much opposed to returning to the old method by which Congress passed on tariff rates.

My colleague from Maine would say, "I am not proposing that Congress pass on tariff rates. I am proposing only that Congress have the power, by majority vote, to override the President." But I respectfully submit, as the Senator from Illinois has truly said, that the minute there is the first overriding, the minute the forces which are seeking to overturn the determinations of the President made in the national interest, get their first taste of blood, we shall be overriding the Tariff Act. A smart parliamentarian could say that the language, which reads, "approves recommendations made by the Tariff Commission," which would be the language of the resolution which the Congress would pass by majority vote—

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. May I have 2 additional minutes?

Mr. BUSH. I yield 2 additional minutes to the Senator from New York.

Mr. JAVITS. A smart parliamentarian could say such a resolution could contain conditions; that it did not have to be unequivocal. Under the rules of the Senate, for example, it could be amended without restriction. So the Congress would be writing tariffs—which is exactly what the reciprocal trade agreements program is designed to prevent.

I believe a good many Senators of liberal views on trade policy voted against the well-motivated amendment of the Senator from Pennsylvania [Mr. CLARK] to make the Trade Agreements Act permanent. We refrained from voting for the amendment not because of any reservations about the policy, but because we knew Congress had to have

some terminal point, at which time it could check the legislation and change the ground rules if it wished. Therefore, in the interest of passing this legislation, we felt we should go along with providing a term of years, so that at a given time we could amend the law and change the ground rules if it were so desired.

Mr. President, if we in the United States will use our great power to give other people a chance, if we will not act in a parochial way, we shall be truly a force for the betterment of the world.

On the whole, taking everything into consideration, this reciprocal trade program has worked well. It has increased our exports and our imports, and has helped to increase world trade. If we want to oppose the betterment of conditions for trade in the world, we shall be in danger of losing our influence, not only in the Middle East, but elsewhere; but if we want a world in which people have a fair chance, then this is a fair arrangement and ought to be permitted to continue, as it has functioned successfully up to now.

Mr. COOPER. Mr. President, will the Senator yield 3 minutes to me?

Mr. BUSH. I yield 3 minutes to the Senator from Kentucky.

The PRESIDING OFFICER. Does the Senator yield time on the bill or on the amendment?

Mr. BUSH. The Senator from Virginia controls the time on the amendment.

Mr. BYRD. Mr. President, how much time does the Senator desire?

Mr. COOPER. Three minutes.

Mr. BYRD. I yield 5 minutes to the Senator from Kentucky.

Mr. COOPER. I would prefer to defer discussion of the pending amendment to members of the Finance Committee who have considered the bill and amendments for many weeks; but I speak on it because it may be the only chance that some of us who favor the extension of the Trade Agreements Act—as recommended by the President and passed by the House—will have to speak against the committee amendments which would change the character of the act and make it ineffective.

I oppose the pending amendment because I believe it inherently contains the same defects as the Kerr amendment which the Senate struck from the bill today. The pending amendment would erode the Trade Agreements Act and, in fact, return to the Congress the tariffmaking function.

Why do I say that? The broad purpose of the Trade Agreements Act was to give power to the President, within peril-point and escape-clause limitations—taking into consideration the impact on an affected industry and the interest of the Nation's industry as a whole, and taking into consideration broad questions of foreign policy—to make concessions which would allow imports into this country under conditions of reciprocity, and thereby enable us to increase our exports.

When, under the amendment which is offered by my good friend from Maine, the power to determine tariffs would, in

effect, be returned to the Congress, we know that the Congress, broad as its powers are, adequate and comprehensive though its intelligence may be, patriotic as it is, could not actually consider technical tariff questions in the broad scope as can the President, the agencies of the executive branch. The Tariff Commission, acting within the purposes of the Reciprocal Trade Agreements Act.

So, although the amendment before us is much more limited than the Kerr amendment, it pursues the same path—that of making ineffective the powers given the President by the Trade Agreements Act and actually changing the character of that act.

Because I believe the act as a whole has worked satisfactorily for the country and, certainly much more satisfactorily than tariffmaking by the Congress in effect before its enactment 34 years ago, I oppose this amendment and the amendments to the House bill placed in the bill by the Senate Finance Committee. The act should be extended, also, to the 5-year period. If the committee amendments are maintained by the Senate, or in conference, they will be the first steps in a process of gradually making ineffective the powers of the President of the United States which Congress delegated to him through the Reciprocal Trade Act.

Mr. ERVIN. Will the Senator from Maine yield me 7 minutes?

Mr. PAYNE. I am happy to yield 7 minutes to the Senator from North Carolina.

Mr. ERVIN. Mr. President, I think the Senator from Maine has made a fine contribution to the debate on the bill and has submitted a proposal which ought to be incorporated in the bill.

I favor a reciprocal trade agreement program which is based upon the concept originally brought forth by Cordell Hull; that is, a reciprocal trade agreement program which contemplates that the United States shall export surplus products to other countries and shall import from them commodities which the United States either does not produce or cannot produce in sufficient quantities.

Mr. President, we hear the most disheartening arguments on the floor of the Senate to defeat proposals which would allow the representatives of the American people, who are elected by the American people, who are responsible to the American people, and who can be removed from office by the American people, to have some voice in the affairs of our Government in dealing with trade agreements.

The Constitution of the United States says that the power to regulate foreign commerce belongs to the Congress. I do not oppose the delegation of the exercise of power in this field to the executive branch of the Government. Indeed, I favor it. As a Member of the Senate, however, I am not impressed by the argument that the representatives of the people should have no voice in the exercise of their constitutional power. We are told in the arguments against the Payne amendment, as we were told in the argu-

ments against the Kerr amendment, that the representatives of the people will be subjected to temptation if they attempt to exercise any voice in the discharge of their constitutional powers, and for that reason it is said that the Congress must pass a bill which will preclude the Members of the Senate and the House from exercising any voice in the discharge of power conferred upon them by the Constitution.

Moreover, we are told, in substance, that we do not have sufficient intelligence to pass on such matters, but that, on the contrary, for some strange reason, some persons in the State Department, whose identities are unknown, are richly endowed with the intelligence which the Senate lacks. We do not know who those persons are, yet are told we should have complete confidence in them. And we say by our votes that we have no confidence in ourselves.

Mr. President, the employees of the State Department were not selected by the American people to discharge our duties. They cannot be held responsible to the American people, and their identities are concealed from the American people.

I never expect to cast a vote for a proposition which says, in effect, that the duly elected Representatives of the American people are either mentally or morally incapable of performing the duties which the Constitution of the United States imposes upon them.

I favor the delegation of authority to the executive department as provided in the bill. But I want the representatives of the American people in the Congress to retain in express language their power under the Constitution of the United States. I think such action wise. Moreover, I believe the Constitution contemplates that such action should be taken.

I, therefore, support the Payne amendment. All the amendment would do would be to give to the Congress of the United States a power, under limited conditions, to assert control over foreign commerce in conformity with its constitutional responsibility when a majority of both Houses deem the action of the executive inimical to the national interest.

I am not afraid to trust the Congress to exercise its constitutional powers wisely. And certainly the President, acting through the State Department ought not to be permitted to take action in what is essentially a legislative field under the Constitution if a majority of the legislative body created by that Constitution deem such action out of harmony with the best interests of our country.

The Payne amendment will not impede the administration of the act. The truth is the procedure it establishes will rarely be used.

Mr. KUCHEL. Mr. President, will my able friend from Connecticut [Mr. Bush] yield me 4 or 5 minutes? I desire to ask a few questions.

Mr. BUSH. Mr. President, I am glad to yield the Senator 5 minutes on the bill.

Mr. KUCHEL. Mr. President, I should like to ask the author of the amendment,

my able colleague from Maine [Mr. PAYNE] a few questions.

Under the proposed amendment, how many votes would be required to be cast in the United States Senate in order to give effect to the escape clause provision?

Mr. PAYNE. The exact number of votes any other piece of legislation requires, including the legislation I mentioned earlier, which was passed by the Congress without question at all, giving authority for the President to enter into agreements with foreign nations on the exchange of atomic energy information. The President would submit to the Congress the proposal or the agreement and the Congress would then, by not acting, acquiesce to the agreement entered into. If the Congress did not agree with that which the President had entered into, it would by a simple majority vote in a concurrent resolution set forth its objection.

Mr. KUCHEL. Translating that statement into arithmetic, I take it 49 Senators present in the Chamber constitute a quorum, under the Constitution, to do business?

Mr. PAYNE. The Senator is correct.

Mr. KUCHEL. Therefore, I take it that under the Senator's amendment it would be possible for 25 Senators to overrule effectively the position of the executive branch?

Mr. PAYNE. The Senator is correct, if only 49 Senators bothered to pay attention to the business of the Senate on the floor, on a vote to be taken. Then 25 Senators would be the majority, in such an instance.

Mr. KUCHEL. Let me ask my able friend another question. The bill as it came from the House of Representatives to the Senate prescribed the same procedure, generally, which the able Senator envisions in his amendment, to wit, that by a concurrent resolution the executive branch could be overruled. If I correctly understand the situation, however, the House of Representatives in sending the bill to the Senate provided for a two-thirds vote before such a resolution could become effective.

Mr. PAYNE. The Senator is correct.

Mr. KUCHEL. When the House of Representatives provided for a two-thirds vote, can the Senator enlighten some of us, as to whether the House provided for a constitutional two-thirds vote? That is to say, did the House provide that 64 Senators should vote, or did it provide for a simple two-thirds vote of those present and voting?

Mr. PAYNE. As I recall, the House bill provided for a vote of two-thirds of those present and voting. I am subject to correction, but that is my recollection.

If the Senator will be good enough to yield, I see the distinguished chairman of the Senate Committee on Finance is on the floor. Perhaps the Senator from Virginia [Mr. Byrd] can enlighten us on the question.

Mr. BYRD. Mr. President, it is my understanding the House bill provided for a two-thirds vote of those present and voting.

Mr. KUCHEL. So it is fair to say that the question before the Senate now is

whether 25 Senators, on the basis of a minimum vote, should vote to overrule effectively the executive branch in this field, or whether, as the House bill provides, 32 Senators, as a minimum, should vote to overrule the executive branch. Is that the question?

Mr. PAYNE. No. The argument is very simple. The question relates to the power which is conferred by the Constitution of the United States, article I, section 8. The question is whether we want to give up completely all rights and privileges we have in connection with any of these matters, and have no votes in the Congress on any question of tariffs, even though an independent agency of the Congress, created by Congress, which is the Tariff Commission, finds that a domestic industry is being injured. We are asked to say, "Regardless of that, whatever the President may say will be the decision." In other words, "We do not want the Congress to take any action whatsoever."

The amendment I have offered provides affirmatively that if the President does not agree with the Tariff Commission findings, he will then submit his views to the Congress. In the absence of any action by the Congress by concurrent resolution, or in the absence of any resolution at all, his findings will take effect.

The PRESIDING OFFICER. The 5 minutes of the Senator from California have expired.

Mr. KUCHEL. Mr. President, may we have 3 additional minutes?

Mr. BYRD. Mr. President, I yield 5 minutes on the bill to the Senator from California.

Mr. KUCHEL. Am I to understand the Senator to say that, procedurally, his amendment adds something to the bill, as to which the House is silent?

Mr. PAYNE. It adds to the bill the provision that if a majority of those present and voting believe that the economy of the country in some particular field needs greater protection than is being afforded, the duly-elected representatives of the people can say, by a majority vote of both bodies, what they believe in. They can do so by concurrent resolution.

Mr. KUCHEL. I understand that the difference is between a simple majority, under the Senator's amendment, and a simple two-thirds majority; and that means a simple two-thirds majority under the House provision. Aside from that, does the Senator's amendment add anything to the House bill?

Mr. PAYNE. It clarifies the situation with respect to the waiting period. The way the House bill was written, it could have meant that if action were taken, let us say, by the President in September, by the time the Congress reconvened it would have no days at all to give consideration to a very important issue. It would be acting almost entirely without knowledge of the particular subject matter under consideration. My amendment provides that within 30 days after convening, if Congress is not in session when the finding is sent to it, it must act.

Mr. KUCHEL. Let me ask the Senator whether this is a correct statement: Under the Senator's proposal it would be possible for 25 Senators to overrule the executive branch; and under the terms of the House bill, which is now before us, it would require 32 Senators to overrule the executive branch. Is that a correct statement?

Mr. PAYNE. That is correct.

Mr. ERVIN. Mr. President, will the Senator yield for a question?

Mr. KUCHEL. Certainly.

Mr. ERVIN. Does the Senator from California believe that 47 Members of the Senate would be so derelict in the performance of their public duties that they would abandon the performance of such duties and leave the Senate?

Mr. KUCHEL. Let me say by way of reply that, first, I am searching for information. Second, I will not try to look after the consciences of any of my brothers. I have difficulty with my own.

As one who is not a member of the Finance Committee, I wanted to know exactly and precisely what the arithmetical difference was between the amendment of the Senator from Maine and the provision of the House bill.

Apparently there is no dispute anywhere, either in the executive branch or in the Congress, as to the new procedure under which the Congress would be given an opportunity to reverse the executive branch. Never has such a provision been in our trade law. My understanding is that the proposed procedure is new. With respect to that procedure, no one apparently disagrees. The question is whether a two-thirds majority or a simple majority should be required.

Mr. ERVIN. Does the Senator fear that the consciences of 47 Members of the Senate would be in such a terrible state of repair as to permit them to forsake their public duties and go somewhere else, leaving 49 Senators to do the legislating?

Mr. KUCHEL. I observed at least one example of that kind of disrepair during my first year in the Senate. I think there were three Senators present upon one occasion when a bill was passed. It was not an important bill. I did not start screaming and shouting that no more Senators were present. Senators have multitudinous duties. Much of their labors are performed off the Senate floor. I am sure the Senator is correct in believing that there would be as many Senators present as could be present in the consideration of important problems. However, I simply have desired to find out succinctly what the difference is between the two proposals.

Mr. BARRETT. Mr. President, will the Senator from California yield to me in order that I may ask the Senator from Maine a question?

Mr. KUCHEL. I yield.

Mr. BARRETT. Is it not a fact that the provision in the Senator's amendment requiring a simple majority of the House and Senate is precisely what would have been required to perform the same act had not the power been delegated to the Executive?

The PRESIDING OFFICER. The time of the Senator from California has expired.

Mr. PAYNE. I will take 1 more minute.

The Senator from Wyoming is absolutely correct. Only a simple majority is required to enact any law we wish to enact. The President of the United States saw no objection when he signed into law the so-called Atomic Energy Act, which contained the provision with reference to agreements to which I referred earlier. It provides that the Congress, by concurrent resolution and by majority vote, may disapprove the agreements entered into.

Mr. BARRETT. The situation is simply this—

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. PAYNE. I will take 1 more minute.

Mr. BARRETT. If the Congress had retained its powers under the Constitution to enact legislation in this field, it could have done so by a simple majority.

Mr. PAYNE. Absolutely.

Mr. BARRETT. The situation would not be a bit different under the Senator's amendment, would it?

Mr. PAYNE. It would not.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. PAYNE. I yield.

Mr. MALONE. The Senator's amendment is only a gesture back toward the constitutional responsibility of the Congress, is it not?

Mr. PAYNE. It gives the Congress a checkrein if it is found that there is need for it.

Mr. MALONE. I thank the Senator.

Mr. PAYNE. I now yield 3 minutes to my colleague, the Senator from Colorado [Mr. ALLOTT].

Mr. ALLOTT. Mr. President, as one of those who have always supported reciprocal trade in all its phases, I wish to make a few remarks with respect to the pending bill.

I am particularly happy to see the senior Senator from Ohio [Mr. BRICKER] in the Chamber. He made some very cogent remarks last week about the constitutionality of the various proposals which have been made. I agree with him entirely.

First, I would find it impossible in my mind, in the present world situation, to live with either the proposal of the House, requiring a two-thirds majority, which places an unconscionable burden upon Congress in reversing any policy, or with the proposal of the Senator from Oklahoma [Mr. KERR] and other Senators, which has just been defeated by the Senate. Such a proposal would place the President in the position of lobbying Congress to reverse a decision of the Tariff Commission.

As I see the amendment of the Senator from Maine, it merely requires that the decision of the Tariff Commission shall become effective unless the Congress shall reverse it by a simple majority.

With respect to changing any policy which may be established by the Tariff Commission or the President, we could abolish the Tariff Commission by the same vote which would be required to reverse an action of the Commission which had just been vetoed or changed by the President.

In view of all the factors, I believe it is time for us to take a good look at the policy of reciprocal trade. I do not believe we can surrender the policies of this country completely and forever to the State Department, however conscientious, sincere, and able its members may be. Therefore, with the knowledge that the Congress of the United States will act with all the sincerity and integrity with which it has always acted, I shall support this amendment, with the view that, in the final analysis we shall vest in Congress the opportunity and the right to say what policy shall be followed in a given area.

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. HUMPHREY subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD, at the point where the Payne amendment was under consideration this afternoon, a statement by me on that amendment. I believe the statement more accurately explains my position.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUMPHREY

This amendment, by changing the requirement contained in the trade agreements bill passed by the House, from a two-thirds majority of both Houses for overriding a decision by the President in escape-clause cases, to a concurrent resolution by a simple majority of both Houses, would deal a crippling blow to the Trade Agreements Act if it were adopted.

This change is far more serious than it appears to be for reasons which I shall outline. In the first place, the provision in the House bill providing for a two-thirds override of the President is bad enough. While seeming merely to provide an avenue of action for the Congress, which is no more than the Congress already possesses by virtue of its constitutional right to overrule a Presidential veto in legislative matters, its enactment would in fact reverse the trade policy of a quarter century. In 1934, the Congress wisely decided to leave individual tariffmaking to the Executive under standards and criteria established by law. This decision was a direct result of the nightmare which in 1930 produced the Smoot-Hawley tariff about which the late Senator Barkley remarked that "the halls of Congress ran with blood from the mutual backscratching." Although the logical end of this reversal of policy would be an inevitable return within a measurable period of time, of individual ratemaking to the committees of Congress and to the floors of Congress, the saving grace of this provision in the House bill is the two-thirds majority which it requires. Even though the motion to override the President would be a privileged one, it is unlikely that it would carry very frequently. It would seem fairly certain that only when there was overwhelming sentiment in Congress, backed by widespread public opinion, against the President's decision could a two-thirds majority be mustered. Thus, while the implications of this House provision for the direction of tariff policy are serious, its

practical effect would probably be of little importance.

The Payne amendment could drastically change that practical effect. By requiring only a joint resolution by simple majorities of both Houses, which in the case of voice votes could be less than a majority of a quorum, this amendment would make it relatively easy to override the President. It should be remembered that all the forces interested in higher tariff protection would join together on the first case which came from the Tariff Commission in an all-out effort to override the President and set a precedent for future cases. We can be sure there would be no dearth of future cases. Every industry or segment of an industry which had anything to gain at all from higher tariffs would descend upon the Tariff Commission with its claims of injury. And under the circumstances, it would be surprising if the Tariff Commission were not entirely responsive to these domestic industry demands. With this amendment the whole tenor and emphasis in the law would have been changed from the objective of expansion of exports and of world trade to protection of domestic industry. The flood of applications would create backlogs of work in the Tariff Commission and lead to further demands that action be taken directly by the Congress in the interest of greater speed. This would lead directly to demands for a thorough-going revision of the present Tariff Act and the Congress would face again the horrors of going through that atrocious process. It is worth noting that when the House Ways and Means Committee, back in 1928, authorized public notice of hearings on the tariff action revision which became the Smoot-Hawley Tariff Act, more than 1,100 persons sought to appear. They produced 11,000 pages of testimony in 43 days and 5 evenings through February 27, 1929. The Senate hearings began June 13, 1929, and continued till July 18 with a somewhat smaller number of witnesses and 9,000 pages of testimony.

Judgment as to how many items were involved in these hearings varied from the Tariff Commission 1930 statement that the dutiable items were about 3,000 which, with 264-basket clauses making up part of that count (articles not specially provided for), covers 25,000 articles of commerce; to the testimony of a former Ways and Means Committeeman and then member of the Tariff Commission, that the revision covered hundreds of thousands of items.

It was this process which led Senator Vandenberg to call tariff-making by Congress an atrocity and which lacks any element of economic science or validity.

This is no idle danger. A trend which this Payne amendment, if adopted, would set would lead inexorably to higher tariffs across the board. The Trade Agreements Act would be a Trade Agreements Act in name only. Any tariff reductions that might be made by way of trade agreements would be more than offset by the rates which would be increased by the escape clause and the Congress.

Finally, quite aside from the question of the higher tariffs which this amendment would insure, is the effect it would have on our foreign policy and on our general national interest. Our tariff policy has become a part of our foreign policy in the years since 1934. Since we have actively bargained for reduction in our rates as well as for reduction in the rates of other countries, any action we take in increasing our tariffs must necessarily affect our foreign relations. The President is responsible for the conduct of foreign relations, and it is entirely wise and fitting that he should be responsible for final decisions in areas which touch upon foreign policy, subject, of course, to general policy guidelines established by law.

Only the President is in possession of all the information, confidential or otherwise, which can lead to a proper decision in the national interest. The Tariff Commissioners themselves in their testimony this year before the House Ways and Means Committee felt that it would be unwise to place responsibility for a final decision in escape clause cases in their hands. Too many factors outside the narrow criterion of injury to domestic industry must of necessity be taken into consideration in any final decision with respect to increasing a tariff rate or establishing a quota.

The Payne amendment is a long step in the wrong direction. I would urge the Senate not to adopt it.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Parliamentarian informs the Chair that a quorum call cannot be had at this time, except by unanimous consent, until all time on the amendment has been yielded back by both sides.

Mr. BYRD. I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Maine yield back the remainder of his time?

Mr. PAYNE. I yield back my time.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Maine [Mr. PAYNE]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Missouri [Mr. HENNINGS], the Senator from Florida [Mr. HOLLAND], the Senator from Montana [Mr. MURRAY], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent because of illness.

I further announce that if present and voting, the Senator from Missouri [Mr. HENNINGS], the Senator from Florida [Mr. HOLLAND], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Montana [Mr. MURRAY] would each vote "nay."

The result was announced—yeas 34, nays 57, as follows:

YEAS—34

Aiken	Cotton	Payne
Allott	Curtis	Revercomb
Anderson	Dworshak	Russell
Barrett	Ervin	Schoeppel
Bennett	Goldwater	Smith, Maine
Bible	Hoblitzell	Talmadge
Bricker	Hruska	Watkins
Bridges	Jenner	Wiley
Butler	Johnston, S. C.	Williams
Capehart	Jordan	Young
Case, S. Dak.	Malone	
Chavez	Mundt	

NAYS—57

Beall	Clark	Frear
Bush	Cooper	Fulbright
Byrd	Dirksen	Gore
Carlson	Douglas	Green
Carroll	Eastland	Hayden
Case, N. J.	Ellender	Hickenlooper
Church	Flanders	Hill

Humphrey	Magnuson	Potter
Ives	Mansfield	Proxmire
Jackson	Martin, Iowa	Purtell
Javits	Martin, Pa.	Robertson
Johnson, Tex.	McClellan	Saltonstall
Kefauver	McNamara	Smathers
Kerr	Monroney	Smith, N. J.
Knowland	Morse	Sparkman
Kuchel	Morton	Stennis
Langer	Neuberger	Symington
Lausche	O'Mahoney	Thurmond
Long	Pastore	Thye

NOT VOTING—5

Hennings	Kennedy	Yarborough
Holland	Murray	

So Mr. PAYNE's amendment was rejected.

Mr. BYRD. Mr. President, I move that the vote by which the amendment was rejected by reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum; and I ask unanimous consent that the time required therefor be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ANDERSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13121) to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11574) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1959, and for other purposes; that the House receded from its disagreement to the amendment of the Senate numbered 80 to the bill, and concurred therein; that the House receded from its disagreement to the amendments of the Senate numbered 17, 20, and 58 to the bill, and concurred therein severally with an amendment, in which it requested the concurrence of the Senate, and that the House insisted on its disagreement to the amendment of the Senate numbered 1 to the bill.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 7902. An act to authorize travel and transportation allowances in the case of certain members of the uniformed services;

H. R. 9369. An act to authorize refunds by the Veterans' Administration of amounts collected from former servicemen by the Government pursuant to guaranty of life insurance premiums under the original Soldiers' and Sailors' Civil Relief Act of 1940;

H. R. 10321. An act to authorize the Secretary of Agriculture to exchange lands comprising a portion of the Estes Park Administrative Site, Roosevelt National Forest, Colo., and for other purposes;

H. R. 11253. An act to authorize the Secretary of Agriculture to exchange land and improvements with the city of Redding, Shasta County, Calif., and for other purposes;

H. R. 11504. An act to amend title 10 of the United States Code to permit enlisted members of the Naval Reserve and Marine Corps Reserve to transfer to the Fleet Reserve and the Fleet Marine Corps Reserve on the same basis as members of the regular components;

H. R. 11518. An act to authorize the construction of modern naval vessels;

H. R. 11626. An act to amend section 6911 of title 10, United States Code, to provide for the grade, procurement, and transfer of aviation cadets;

H. R. 11700. An act to authorize civilian personnel of the Department of Defense to carry firearms;

H. R. 12161. An act to provide for the establishment of townships, and for other purposes; and

H. R. 12694. An act to authorize loans for the construction of hospitals and other facilities under title VI of the Public Health Service Act, and for other purposes.

ATOMIC ENERGY COMMISSION APPROPRIATION BILL, 1959—CONFERENCE REPORT

Mr. ANDERSON. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill, H. R. 13121, to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read, for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 21, 1958, pp. 13243-13244, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. SALTONSTALL. Mr. President, I should like to ask the Senator from New Mexico a question: Is the conference report unanimous on the part of all the conferees?

Mr. ANDERSON. Yes, except it does not bear the signature of the Senator from Ohio [Mr. BRICKER], who, I believe, had gone to Ohio.

Mr. SALTONSTALL. I understand that one of my amendments which was adopted by the Senate has been omitted from the conference report. It would have joined the Secretary of Defense with the Atomic Energy Commission in making certifications (a) and (b) provided in section 106 of the bill in connection with substitutions of new projects for projects specifically authorized in the bill.

Mr. ANDERSON. That proposal was submitted to the Defense Department and to the Atomic Energy Commission, for their comments.

The Defense Department still would like to be able to consider these matters when they come up. The Atomic Energy Commission was strongly opposed to the proposed language.

After full consideration, it was the opinion of the conferees that the position taken by the Atomic Energy Commission was the correct one.

The Department of Defense lays down its requirements, and says it needs so many weapons of certain sizes and capabilities. Thereafter, it is the responsibility of the Atomic Energy Commission to provide the weapons. We do not believe that then the Defense Department should again tell the Atomic Energy Commission how to set up the facilities with which to provide the weapons. The vote of the conferees against retention of the amendment was unanimous.

I wish to say to the able Senator from Massachusetts that we recognize his great interest in this matter, and we also recognize the propriety of permitting the Defense Department to have considerable to say about weapons.

But when it comes to deciding where the facilities will be built, how much plutonium will be developed, and where, and whether a certain amount or a larger amount of plutonium or other reactor products will be developed within overall requirements those matters are to be decided by the experts who work in the laboratories and plants which have been provided; and the Commission feels strongly that it would only complicate affairs to permit the Department of Defense then to have the right to say how much of one or another could be made, when the Department of Defense might not understand that there had been a change in the method by which the weapons were put together.

Mr. SALTONSTALL. I thank the Senator from New Mexico. I would point out that the certifications to which my amendment would have made the Secretary of Defense a party would not have involved any interference by the Defense Department in operations or activities of the Atomic Energy Commission.

Mr. President, although I do not agree with the provisions of the conference report in regard to these certifications by the Secretary of Defense, I shall not oppose the report.

However, I ask unanimous consent to have printed at this point in the Record a letter signed by Mr. Herbert B. Loper, the Assistant to the Secretary of Defense, for Atomic Energy, and written to the chairman of the conferees.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF THE SECRETARY OF DEFENSE,
Washington, D. C.

HON. CARL T. DURHAM,
Chairman, Joint Committee on Atomic
Energy, the Capitol, Washington,
D. C.

DEAR MR. CHAIRMAN: I am writing to express the views of the Department of Defense on the amendment to S. 4051 of the 85th Congress which the Senate adopted on July 15, 1958 (CONGRESSIONAL RECORD, p. 12565), identified as Senator SALTONSTALL's amendment No. 1.

The amendment is to section 106 of the bill, which would, as amended, provide that funds authorized by the bill may be used to start any other new project for which an estimate was not included in the bill, if it be a substitute for a project authorized in subsection 101, (a), (b), or (c) and if the estimated cost of the new project is within the limit of cost of the project for which substitution is made, and providing that (1) the Commission and the Secretary of Defense certify that the project is essential to the common defense and security and (2) that the Commission and the Secretary of Defense certify that the new project is required by changes in weapon characteristics or weapon logistic operations, and (3) that the Commission certifies that it is unable to enter into a contract with any person on satisfactory terms to furnish from a privately owned plant or facility the product or services to be provided in the new project. Senator SALTONSTALL's amendment No. 1 requires the Secretary of Defense to join with the Commission in certifying points (1) and (2) as indicated above.

The Department of Defense strongly supports Senator SALTONSTALL's amendment No. 1. We feel that the authority which section 106 of the bill vests in the executive branch should be exercised only after careful deliberation by the officials of the executive branch who have the responsibility for and the wide information and experience necessary to the exercise of judgment with respect to defense needs and weapons needs. Any decision to substitute a new project for one already authorized because the new project is essential to the common defense and security and is required by changes in weapon characteristics or weapon logistic operations should be made only with the agreement of the Secretary of Defense, who is the chief official of the executive branch, under the President, charged with responsibility for the common defense and security and cognizant of changes in weapon characteristics and weapon logistic operations. It does not seem likely that any other official in the executive branch could be in a position to make any such decisions without the concurrence of the Secretary of Defense.

I appreciate the opportunity which you have accorded me to indicate the views of the Department of Defense in this matter.

Sincerely yours,

HERBERT B. LOPER,
Assistant to the Secretary of Defense
(Atomic Energy).

Mr. ANDERSON. The other point in which the Senator from Massachusetts was interested namely that there should not be duplication in the construction of the gas-cooled reactor, has been, I believe, completely covered by the language of the report; and we appreciate the suggestion he made.

Mr. SALTONSTALL. I understand, and I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. JOHNSON of Texas. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Texas is recognized for 1 minute.

Mr. JOHNSON of Texas. Mr. President, I wish to express my appreciation and admiration for the very fine job done by the Senator from New Mexico [Mr. ANDERSON] in connection with this extremely important report.

I am delighted that the Senate was able to take action so quickly, both when the bill was considered and when the conference report was considered. I believe that is largely due to the experience and knowledge of the able ranking member of the Joint Committee on Atomic Energy [Mr. ANDERSON]. I know of no Member of the Senate who has been more dedicated to public affairs than he, and I thank him for the fine job he has done in behalf of his country.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. MAGNUSON. Mr. President, I call up my amendment which is identified as "7-16-58-F."

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). Does the Senator from Washington desire to have the amendment read?

Mr. MAGNUSON. No, Mr. President, I merely call it up.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD, without being read.

The amendment submitted by Mr. MAGNUSON, for himself, Mr. BARRETT, Mr. BRICKER, Mr. BIBLE, Mr. CURTIS, Mr. JACKSON, Mr. MUNDT, Mr. MURRAY, Mr. PROXMIRE, and Mr. YOUNG, is as follows:

On page 32, after line 10, insert the following new section:

SEC. 12. (a) Subsections (a) and (b) of section 22 of the Agricultural Adjustment Act, as amended (7 U. S. C. 624), are amended to read as follows:

"(a) Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with or materially increase the cost of, any program or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law No. 320, 74th Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, he shall cause, on his own motion or upon application of any group of interested producers or processors, an immediate investigation to be made by the

appropriate office or agency of the United States Department of Agriculture responsible for the administration of the affected program, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties, shall be conducted subject to such regulations as the Secretary of Agriculture shall specify, and shall be completed at the earliest possible date but in no event more than 6 months after the date of the initiating motion of the Secretary or the day on which the initiating application was filed with the Secretary.

"(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the Secretary of Agriculture finds the existence of such facts, he shall certify to the President such facts and the President shall by proclamation impose such fees not in excess of 50 percent ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as the Secretary of Agriculture has found and declared to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with or materially increase the cost of any program or operation referred to in subsection (a) of this section, or reduce substantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: *Provided*, That no proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 percent of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for consumption during a representative period as determined by the Secretary of Agriculture; except that, whenever a condition exists requiring special treatment, the President upon recommendation of the Secretary of Agriculture may impose such further limitation or suspension of imports as he deems necessary upon a full consideration of the impact of imports of competitive commodities on (1) domestic production, (2) normal marketing and storing of domestic products, and (3) any Government support or other program: *And provided further*, That in designating any article or articles, the Secretary of Agriculture or the President, as the case may be, may describe them by physical qualities, value, or use, or upon such other bases as he shall determine. Such designations shall be sufficiently broad to prevent evasion and may include any form, combination, mixture, or source in which the article or articles may appear.

"In any case where the Secretary of Agriculture determines with regard to any article or articles that a condition exists requiring emergency treatment, he shall certify to the President the existence of such condition without awaiting the completion of the investigation and report herein provided for, and the President shall take immediate action under this section, such action to continue in effect pending the completion of such investigation and the report of findings and recommendations made in connection therewith, the certification by the Secretary of Agriculture, and action by the President thereon."

(b) Subsections (d) and (e) of such section 22 are amended to read as follows:

"(d) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation

may be suspended or terminated by the President whenever the Secretary of Agriculture finds and certifies to the President that the circumstances requiring the proclamation or provision thereof no longer exist or may be modified by the President whenever the Secretary of Agriculture finds and certifies to the President that changed circumstances require such modification to carry out the purposes of this section.

"(e) Any decision, finding, or certification of facts and required fees or quantitative limitations of the Secretary of Agriculture under this section shall be final."

(c) The first sentence of subsection (a) of section 8 of the Trade Agreements Extension Act of 1951 (19 U. S. C. 1365) is amended by striking out "under the provisions of section 22 of the Agricultural Adjustment Act, as amended, or".

(d) The amendments made by this section shall not affect any action taken or determinations made before the date of the enactment of this act.

Mr. MAGNUSON. Mr. President, at the outset, let me say that after the amendment was submitted, four other Senators have asked to have their names included as sponsors. Therefore, I ask unanimous consent that the names of the Senator from North Dakota [Mr. LANGER], the Senator from Oregon [Mr. MORSE], the Senator from Kansas [Mr. SCHOEPPLE], and the Senator from Oklahoma [Mr. KERR] be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAGNUSON. Mr. President, in order that there may be no misunderstanding about the motives of the Senators who sponsor the amendment—and, of course, in connection with this matter, I speak particularly for myself—I wish to say, first, that for 22 years, both in this body and in the House of Representatives, I have voted for reciprocal trade agreements. I am a strong believer in reciprocal trade agreements, as they have been worked out generally with the other nations of the world; and no one is more concerned than I with the trade with friendly nations and even in some cases nations which are politically unfriendly.

This amendment has often been misunderstood in the Senate as an attack upon the reciprocal trade program. It is not at all an attack upon it. The amendment merely deals with the procedure involved in seeking relief in some cases in which relief is justified and equitable to both countries involved and to our own citizens. The amendment has nothing whatever to do with the policy of the reciprocal trade agreements or the goals our country attempts to attain by means of trade with the other nations of the world.

Mr. President, on the question of agreeing to the amendment, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. PROXMIRE. Mr. President, will the Senator from Washington temporarily withhold his request?

Mr. MAGNUSON. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Washington will state it.

Mr. MAGNUSON. After the yeas and nays are ordered on the question of

agreeing to my amendment, will it be possible for the amendment to be amended?

The PRESIDING OFFICER. Yes, but not to be modified.

Mr. MAGNUSON. Then, Mr. President, I temporarily withdraw my request for the yeas and nays. Later, I shall renew it.

Mr. President, as I have stated, the amendment in a general way involves the procedure in many of the cases of application for relief and equitable treatment of the two countries involved, in cases affecting agricultural commodities, particularly subsidized domestic products.

The amendment has been adopted by the Senate on two occasions; I do not refer to the exact wording of the amendment as it is now before the Senate, but a generally similar amendment has been adopted by the Senate, and has been taken to conference.

This amendment to H. R. 12591—the trade agreements extension bill—would amend section 22 of the Agricultural Adjustment Act of 1933 as amended. Section 22 has been twice previously amended in trade agreements legislation—once in the trade agreements extension act of 1951 and once in the Trade Agreements Extension Act of 1953.

The proposal we have today is primarily a procedural amendment. A similar procedural amendment was unanimously approved by the Senate Agricultural Committee in 1950 and adopted without objection on the Senate floor. It was lost in conference with the House.

Section 22 of the Agricultural Adjustment Act was designed by its original authors in 1935 to provide a means, under certain circumstances, of protecting domestic agricultural producers and our domestic farm policies and programs laid down by Congress from ruinous imports.

When it is found as a fact that imports threaten or tend to interfere with any domestic farm program, section 22 makes it mandatory that the President shall impose a limitation on imports to prevent such interference. I refer to farm programs such as marketing agreements, price supports, school lunch programs, export subsidies, or similar efforts to assist domestic agriculture.

My amendment deals primarily with the fact finding functions presently provided in section 22. Because of the cumbersome, circuitous, and time-consuming procedure involved in the administration of section 22, as now written, it has never been the effective safety valve its authors intended it to be.

Under the present cumbersome procedure, no group of domestic agriculture producers, and not even the Secretary of Agriculture, can initiate an investigation upon their own motion. The current procedure runs in circles like this: The Department of Agriculture can—if it is of a mind to do so—conduct a preliminary investigation to make a preliminary determination as to whether imports may be interfering with one of the farm programs administered by the Department.

If the preliminary investigation indicates the possibility of some interference, the Secretary of Agriculture may informally recommend to the President that the President cause an investigation to be made by the Tariff Commission.

This preliminary recommendation to the President is forwarded by the White House for comment to the State Department.

If the State Department and the White House foreign-trade advisers disagree with the informal recommendation of the Secretary, it is returned to the Department of Agriculture and dies in the secret files of the Department—thus denying the domestic producers even their day in court.

If, on the other hand, the State Department and the White House foreign-trade advisers agree that an investigation is desirable, the President directs the Tariff Commission to make an investigation. Even up to this point the procedure is frequently so time-consuming that it is already too late to effectively protect the farm program involved.

The Tariff Commission takes the next step. It institutes an investigation, holds a public hearing, analyzes the record and other facts, and then reports to the President.

The report from the Tariff Commission to the President is then circulated to the State Department and other Cabinet agencies, through the Bureau of the Budget, for separate investigation and recommendation back to the White House.

If, based upon these multiple investigations, the foreign-trade advisers in the White House decide that there is interference with a farm program, then the President must finally impose a limitation upon imports. It has usually been the case, however, that the limitation imposed by the President is more liberal to the foreign producers than was the recommendation of either the Secretary of Agriculture or the Tariff Commission.

It is abundantly clear that this circuitous, cumbersome, and time-consuming procedure provides no definite responsibility for the administration of section 22. The procedure thwarts any timely and effective protection of our farm programs. It makes for burdensome duplication of effort. It provides merely for various delays and buck-passing, with the end result that our farm programs are not adequately protected from interference from imports as Congress intended.

The amendment now before us makes no basic change in the substantive provisions of section 22. The amendment merely streamlines and simplifies the procedure and places in one place the fact finding functions, as well as the responsibility for effectively administering section 22. It places section 22 responsibility in the hands of the Secretary of Agriculture and the Department of Agriculture—in the same place where the full and final responsibility for administering our farm programs rests.

The tariff Commission is a fine, impartial, expert, and respected arm of the Congress. However, the Commissioners

certainly cannot be classified as experts on our farm programs.

I doubt that members of the Commission or the Commission staff would profess to be experts on our farm programs. I doubt they would even claim to possess a keen understanding of the purposes and operations of our various farm programs.

Certainly the State Department is not made up of experts on our farm programs, and usually they are not in sympathy with these programs as laid down by the Congress.

It is self-evident that the Tariff Commission and the State Department are not the best qualified agencies to determine whether imports are interfering with a domestic farm program or to what extent limitations on imports must be imposed to prevent such interference.

In the Department of Agriculture we have collected the best experts in the world on agricultural problems, and these experts are responsible for the successful operation of the various agriculture programs enacted by Congress. It is this group of farm experts who are best qualified to determine when imports interfere with the successful operation of a farm program which they are administering for the Congress.

This amendment would provide for a simple and prompt, factual determination by the Secretary of Agriculture as to the effect of imports on our farm programs. It will provide also for prompt action by the President in proclaiming the proper limitation when such determination has been made.

The procedure provided for in this amendment would be as follows:

Either upon motion of the Secretary or upon application of an interested group of domestic farm producers, the office or agency in the Department of Agriculture responsible for the operation of the affected program would conduct an investigation and make a report to the Secretary. If upon such investigation and report the Secretary determined that imports are interfering with the program, he would so certify to the President and certify the import limitation necessary to prevent such interference.

Under this amendment, after the factual determination has been made by the Secretary, the President would be required to proclaim the necessary import limitation—just as he does under the existing law once the factual determination has been made.

The amendment does not broaden the coverage of section 22, nor does it contain anything to increase the likelihood or necessity of a finding of interference from imports by the Secretary of Agriculture. The intent and substance of the law would remain the same.

In addition to these purely procedural changes, the amendment contains a few clarifying provisions.

First. The legislative history of section 22 makes it clear that when imports increase the cost of a domestic farm program, it should be interpreted as interference with such program, justifying an import limitation. The amendment, therefore, inserts in the existing language

the words, "or materially increase the cost of."

This is merely to clarify the existing congressional intent—namely, that imports which increase the cost of domestic farm programs do constitute interference with such programs within the intent of section 22.

Second. Under the existing language of section 22, there can be imposed no fee in excess of 50 percent ad valorem and no quantitative restriction limiting imports to less than 50 percent of imports during a representative period. Our amendment adds a provision under which the President, in his discretion and upon recommendation of the Secretary of Agriculture, may impose a further limitation if special circumstances justify.

Third. The amendment also adds some language to clarify the Secretary's authority to describe an agricultural commodity upon which an import limitation is to be placed in such a way as to avoid circumvention of such limitation as has recently occurred in the case of butter oil and butter substitutes such as exylone.

As I have already indicated, this amend is designed primarily to streamline and simplify the procedural and fact-finding functions under section 22 of the Agricultural Adjustment Act. It places in the hands of the Secretary of Agriculture full authority over the import supply of an agricultural commodity, or product thereof, when he is operating a price support, marketing agreement, or other program affecting that commodity. This merely gives to the Secretary of Agriculture authority over the import supply parallel with the authority he has over the domestic supply under a price support, marketing agreement, or other farm program.

If we do not have a prompt and effective mechanism for preventing imports of agricultural commodities from interfering with our various agricultural price-support programs, we put ourselves in the ridiculous position of trying to support the world price of agricultural products. In that case, the program either falls of its own weight or we vastly multiply the cost of these programs.

Our farm programs usually hold the United States price above the world price. We cannot successfully operate these programs, within the bounds of reasonable costs, unless the Secretary has parallel and simultaneous authority over the import supply.

Under domestic farm programs, the Secretary's authority over domestic production and marketing is full and final. He should have parallel and simultaneous authority over the import supply.

Section 22 was designed as an integral part of our farm program. It was originally enacted in 1935 as an amendment to the Agricultural Adjustment Act. It was clearly intended to provide for a limitation on imports at any time imports threatened or tended to interfere with, or increase the cost of, our price support, marketing agreement, or other farm programs administered by the Secretary of Agriculture. The Congress has repeatedly amended section 22 to

strengthen and broaden its coverage and to make it eminently clear that trade agreements, by the Executive, cannot supersede farm policies and programs enacted by the Congress.

In spite of these repeated amendments, the statute has been continuously honored by the State Department and the President only in its breach rather than in its enforcement.

For many years now—since 1949—both a majority of the Senate and I have been convinced that our trade agreements program must conform with domestic agricultural policy and programs formulated pursuant to the law of the land and administered by the Secretary of Agriculture. The time has come to write into this legislation an effective means of preventing the State Department from nullifying the intent of Congress.

The current administration came into power in January 1953. Shortly thereafter, Secretary of Agriculture Benson testified before the House Ways and Means Committee. He ably stated the argument I am making today when he said:

I recently recommended to the Senate and the House Agricultural Committees that the Reciprocal Trade Agreements Act be extended.

At the same time I indicated that import controls should be provided for those United States agricultural products which were under price support, and recommended that section 22 of the Agricultural Adjustment Act of 1933 be strengthened so as to make this possible. Let me review for you the conditions that made these recommendations advisable.

We, in agriculture have in operation, as a consequence of congressional action, various price-support programs. Many of the commodities included in these price-support and marketing order programs are subject to substantial import competition. In many cases the price-support level is substantially above the world market price, even after allowance for the customs duties assessed against imports. When that happens, imports are attracted to this country from all over the world, including areas where products would normally be exported in whole or in part to other countries where they may be badly needed. But the price-support level in this country acts like a powerful magnet to draw these commodities out of their normal flow in international trade. When we seek to limit the effect of this influence, we are simply seeking to diminish or avoid distortion of trade by the stimulus of an artificial influence, such as a price-support program.

I am sure the Congress would not enact a statute making mandatory the support of the world price of agricultural commodities at 90 percent of American parity. Yet that is what the present mandatory supports mean if we do not have a readily available and effective method of controlling imports of those commodities or products whose prices are maintained here above world levels by price-support or marketing-order programs. Our price-support activities, already costly, would become much more expensive.

In recognition of the fact that a stimulation of imports can impose an intolerable burden on a price-support program, the Congress enacted section 22 of the Agricultural Adjustment Act. This section provides for the imposition of import quotas or import fees whenever imports of any agricultural commodity or product thereof render or tend to render ineffective or materially interfere with any price-support or market-

ing-order (or certain other) program. This is permanent legislation.

Although section 22 was originally enacted in 1935, it was very little used. It calls for investigation by the Tariff Commission after recommendation by the Secretary of Agriculture. Only 5 such investigations have been instituted in the past 17 years. Experience has shown that these investigations are usually long drawn out and this procedure has proved to be wholly ineffective to meet the problem.

I have been quoting from Secretary of Agriculture Benson. I agreed with what he said in 1953. On this subject, I agree with him now.

As Senators know, I have always supported the trade-agreements program. I am convinced that this amendment is not inconsistent with that program.

The question before us is whether we are going to permit the Secretary of Agriculture to administer the farm policies and programs laid down by Congress, or whether we are going to permit the State Department, through foreign trade agreements, to control, circumvent, and undermine such policies and programs.

In the Trade Agreements Extension Act of 1951, Congress amended paragraph (f) of section 22 to read as follows:

(f) No trade agreement or other international agreement heretofore or hereafter entered into by the United States shall be applied in a manner inconsistent with the requirements of this section.

This amendment is the law of the land. Its intent is clear.

The provision states that section 22, and hence our domestic farm programs, shall be superior to and controlling over our trade agreements program.

It declares that any trade agreements negotiated shall not nullify our farm programs. In spite of this very clear mandate of Congress, the State Department and the President have continued to take the position that the executive agreement known as the General Agreement on Tariffs and Trade—GATT—is controlling over our farm programs in section 22. They even go so far as to contend that the existing restrictions on imports proclaimed under section 22—such as apply to dairy products—are permissible only by virtue of a gracious waiver which the State Department has obtained from the foreign contracting parties to GATT.

It is also clear that the State Department and the President have assured the other foreign countries who are members of GATT that the limitations on imports imposed under section 22 will be removed in the near future, and that domestic agricultural price support and other farm programs will be gradually amended to conform with the requirements of international trade and the provisions of GATT.

This presents a situation which I believe the Congress must correct. We cannot allow the State Department to ignore the congressional mandate which was contained in the Trade Agreements Extension Act of 1951.

That the State Department intends to pursue its present course is made abundantly clear in a speech made before the

Graduate Institute of International Studies at Geneva, Switzerland, in December 1956. I refer to a speech by Mr. Eric Windham White, who was executive secretary of the General Agreement on Tariffs and Trade, and a delegate therefrom to the United Kingdom.

In this speech, published by GATT at Geneva, Switzerland, in March 1957, Mr. White attempts to justify the reluctant granting of the limited and temporary section 22 waiver to the United States in the following words:

The United States is, therefore, extremely sensitive to the political pressures which bear upon its policy in relation to agricultural imports. In order to take account of these difficulties and in order to put the United States in a position to go to Congress and seek the ratification of the agreement on the organization for trade cooperation, the contracting parties found it necessary to give the United States a waiver leaving the United States free, so far as GATT is concerned, to take measures affecting agricultural imports which are necessary to give effect to the domestic price support program. * * * It was recognized that the United States could be expected to act with moderation in the use of the waiver. * * * The United States administration has consistently striven to limit the area in which restrictions are applied. Moreover, the contracting parties were impressed by the expressed determination of the United States administration to attempt over a long period to adapt its agricultural policy to deal with a situation which is not only an external problem but an increasingly acute internal problem as well.

The above statement clearly reveals that the State Department obtained the GATT "waiver" only to pacify the Congress and only for a temporary period.

Unless we very clearly amend the law, it is apparent that the State Department and the President will forgo the temporary "waiver" which has been "so graciously granted on a limited basis by GATT—as expressed by Mr. White—and withdraw the balance of the agricultural import restrictions which now exist under section 22.

I submit to Senators that, in fairness to the foreign countries involved, we must amend the Trade Agreements Act to make it unmistakable to everyone that our domestic farm programs and section 22 must prevail over foreign trade agreements.

I urge the adoption of the amendment, first, because it will make section 22 the effective instrument it was intended to be, and second, because it will serve notice on all parties in interest that Congress does not propose to let executive trade agreements supersede legislative policy and programs enacted for the benefit of the American farmer.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. JACKSON. I wish to associate myself with the remarks of my distinguished senior colleague. I also desire to commend him for undertaking the sponsorship of this amendment. I am very happy to join with him in this undertaking.

Mr. MAGNUSON. I thank the Senator.

Mr. CURTIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Chair wishes to ask the Senator from Washington if he desires to allocate to himself any particular amount of time.

Mr. MAGNUSON. I allocate 30 minutes to myself, and I now yield to the Senator from Nebraska.

Mr. CURTIS. I am happy to join as a cosponsor of the amendment. I think it should be pointed out that agriculture stands in a unique position in that, by law and regulation, the production of agricultural commodities is restricted in order to raise the price. The whole governmental program comes to naught if our surpluses are added to or our prices are depressed as a result of imports. It is necessary, in order to make an established governmental program work, that the proposed authority be granted.

Mr. MAGNUSON. Under the present procedure, if everybody moved swiftly, it would take from 18 to 23 months, even if it were decided that it was equitable and justifiable to do something, before action was taken. The result is that the barn door is locked after the horse is stolen. Reciprocal trade programs were intended to have escape clauses. The very provisions of General Agreements on Tariffs and Trade provide escape clauses for other nations. It is a little easier to measure what is to be done, in terms of world trade, when automobiles or machinery are considered, but farmers have to deal with the problem year after year.

Mr. CURTIS. The farmer is dependent on nature, and he cannot control his production, in spite of the fact that the law provides he must.

Mr. MAGNUSON. Yes; it was intended by the reciprocal trade program that the problem should be dealt with.

Mr. CURTIS. I think each country should have the right to carry on its programs in order to protect its own domestic price supports.

Mr. MAGNUSON. Yes; particularly because it costs a great deal of money to carry on such programs.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. COTTON. I wonder if the Senator is aware of the fact that a question has been raised, under section 22, as to whether such protection as is afforded—and the Senator has pointed out that the protection has been rather slow and unsatisfactory—is extended to agricultural products in manufactured form, for example, cotton and woolen textiles. Does the Senator's amendment clarify that situation?

Mr. MAGNUSON. If it does not, it is my intention that the amendment should be so clarified. We previously intended, and it is now intended, that there be an inclusion of products processed in the course of going to market. It might be a product put in brine, or the adding of something to make a product suitable for shipment. It deals with the agricultural process all along the line.

Mr. COTTON. I understand that attempts were made by the cotton textile interests to obtain some relief from the Secretary of Agriculture because of the

fact that the imports of cotton textiles were injuring not only the industry but also the cotton farmers. The cotton textile producers believed that could be done under section 22.

It is my understanding also, from the evidence given before the subcommittee of the Committee on Interstate and Foreign Commerce, that a ruling was made to the contrary. I believe the State Department strenuously opposed such an interpretation, and nothing was ever done. I had hoped that the Senator's amendment would clearly extend far enough to cover goods processed or manufactured from agricultural products. I expect to support the amendment, but I would be more enthusiastic if it extended to the point I have indicated. I understand the Senator from Washington to say it is his purpose to have the amendment cover that point.

Mr. MAGNUSON. Yes.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield to my friend from North Dakota.

Mr. LANGER. Mr. President, I had a personal experience in connection with rye, which caused me to be a cosponsor of the amendment. Some time ago Congress voted to provide for 1 year acreage for about 100 million bushels of rye, because under the Farm Program Administration the acreage for wheat had been cut down and down, until the farmers thought they had to seed some rye. Then the farmers suddenly discovered that Canada had sent into the United States 43 million bushels of rye, which was approximately one-half of all that could be produced in the United States. It took 7 months to get action by the President. The farmers of course could not seed any rye, because they did not know whether the President would do anything about the matter.

I think the amendment offered by the Senator from Washington, which I am happy to cosponsor, is, so far as farmers are concerned, one of the very best amendments offered to the measure presently under consideration.

Mr. MAGNUSON. I will say to the Senator from North Dakota that in many cases the situation was actually found to be wrong, unjust and inequitable, but when the matter finally got to the President for the purpose of making a finding it was too late.

Mr. LANGER. It was too late.

Mr. MAGNUSON. Yes. All we are asking is that the procedure be changed so that we will not have to lock the barn door after the horse is gone.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. YOUNG. Unless we have some provision of this kind, we render the price-support program ineffective and make them much more expensive. Therefore, a procedure which is workable, when imports become excessive and the trade knows some limitations may be imposed, causes an immediate stabilizing of the market. At present, with only a little bit of a surplus, particularly if the imports come from a country with a vast surplus, the market is completely broken. This provision is badly needed.

Mr. MAGNUSON. Yes.

Mr. YOUNG. All the other countries I know of have a procedure whereby they can invoke protection to their producers almost immediately.

Mr. MAGNUSON. I will say to my friend from North Dakota that if the Senator will read the constitution of GATT, which is the basis of all the trade agreements, he will find it is definitely provided there should be an escape clause and a reasonable procedure. Any other country which has the same problem will invoke the procedure, and I think will be right in so doing.

Mr. YOUNG. We cannot blame them.

Mr. MAGNUSON. Yes. We cannot blame them.

Mr. President, my time is running out. I want to have the rest of what I have to say in the RECORD.

I desire to state so that it will be abundantly clear that the amendment now before the Senate provides for no basic change in the substantive provisions of section 22. The amendment would merely streamline and simplify the procedure, placing in one spot the fact-finding functions as well as the responsibility for effectively administering section 22. The amendment would place section 22 responsibility in the hands of the Secretary of Agriculture, in the Department of Agriculture, the same place where the final and full responsibility for administering the farm programs rests.

The amendment should not be interpreted as a criticism of the Tariff Commission. It should not be interpreted as a criticism of the action of the President on the many occasions when he has found that certain situations were jeopardizing the domestic farm programs. However, by the time all the procedures had been gone through, it was too late for any good to be accomplished. The farm programs operate from year to year. They are sensitive as to what the costs are, what the value is, and how they are conducted.

This amendment is not to be interpreted as a criticism of the State Department, because usually when the State Department finds out what is going on it is too late, also. The State Department is not noted for moving very fast, to begin with.

This proposal is not intended to be a criticism of any department with respect to the program. The amendment would merely follow out the basic policies of the reciprocal trade program. The amendment would implement section 22 so as to make it effective, and would merely apply some streamlined procedure to domestic farm programs, which cost the taxpayers money.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. MAGNUSON. I shall be glad to yield to my friend from Wisconsin, but, first, I should like to say in the statement I have made Senators will find that the Secretary of Agriculture himself has recommended a streamlining of this procedure. He has said so on many occasions. Anyone who is familiar with farm program in the United States cannot fail to realize that there must be a faster way to present these cases. If the case is jus-

tifiable, no harm can be done, because all the other countries recognize the escape clauses in the reciprocal trade program.

Mr. WILEY. Mr. President, will the Senator yield for a question?

Mr. MAGNUSON. I yield.

Mr. WILEY. I am sorry I have not had time to go into this matter fully. I have listened to some of the remarks. I should like to ask whether, under the amendment proposed by the Senator from Washington, the President would be denied any discretion.

Mr. MAGNUSON. No; the President would not be denied discretion. The President would not have to act if he did not want to act. Nobody could make the President act.

Mr. WILEY. I understood my associate had an amendment to offer. I see my colleague, the junior Senator from Wisconsin [Mr. PROXMIRE], has risen. I felt perhaps he was going to offer an amendment to the amendment of the Senator from Washington.

Mr. MAGNUSON. Yes.

Mr. WILEY. I wonder if there is any denial of discretion in his amendment.

Mr. MAGNUSON. No. I am familiar with the amendment. I do not think it refers to that matter. We both say that the President shall act, but in many cases when the Tariff Commission has made a recommendation the President did not act. There is no way to make the President act or to refuse to act. However, in many cases he has found such justifiable.

The PRESIDING OFFICER. The Chair wishes to remind the Senator from Washington that he has 6 minutes remaining.

Mr. MAGNUSON. Mr. President, I yield those 6 minutes to the Senator from Wisconsin [Mr. PROXMIRE], who has a proposal which I think will strengthen my amendment.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 6 minutes.

Mr. PROXMIRE. Mr. President, I thank the distinguished Senator from Washington. I am delighted the Senator has offered the amendment. I think it is a good amendment.

I am in firm and strong accord with the principal objective of the amendment offered by the Senator from Washington [Mr. MAGNUSON], which is to avoid handicapping the effectiveness of the existing farm programs established by the Congress.

The amendment offered by the Senator from Washington [Mr. MAGNUSON] differs from the amendment I have at the table only in the respect that my amendment contains a proviso not contained in the amendment of the Senator from Washington. The proviso is printed and is readily available for every Senator's use. I offer the proviso as a modification of the amendment offered by the Senator from Washington in the interest of helping preserve the effectiveness of the price-support operations, while preserving the President's freedom to continue our trade policies in a constructive way.

Mr. President, this proviso is available to any Senator who wants to read the text of it. I shall read it rather rapidly, because time is limited:

Provided, That the President may authorize imports of any articles in excess of the quantitative limitations found and declared to be necessary by the Secretary when such additional imports are deemed to be in the interest of the United States. Whenever additional imports of any article or articles shall be admitted by the President for consumption in excess of the quantitative limitations as herein provided, the Secretary, through the Commodity Credit Corporation or any other agency available to him, shall remove from the domestic market a corresponding quantity of articles the sales or other outlets for which are adversely affected by such imports. The Secretary shall promptly dispose of all articles acquired under this section in the same manner in which he is authorized by law to dispose of commodities acquired for price-support purposes, but no such articles shall be disposed of in the domestic market unless such articles can be disposed of in such market in such manner as not to affect adversely the agricultural programs, policies, or operations referred to in subsection (a) of this section. In removing such excess supplies from the market, the Secretary may acquire either imported articles or domestically produced articles. The cost of removing the domestic market excess supplies equal to additional imports so authorized by the President, as herein provided, shall be separately computed and shall be charged to appropriations relating to the program served by such additional imports.

As it now stands, the amendment might deprive the President of an important degree of discretion in administering trade policies concerning farm commodities. I feel that the President should have this discretion, consistent with the purposes and principles of the reciprocal trade program. My amendment would, without sacrificing the effectiveness of the farm price support programs, make this provision entirely consistent with the principles of the reciprocal trade program.

Under the provisions of the modification I am proposing, the President could, when conditions warrant it, admit additional quantities of farm commodities above the limits determined by the Secretary to be necessary in order to avoid interfering with price support programs. But when this is done, my amendment provides that the additional cost of operating price support programs should not be charged to the farm programs. Instead, this cost would be separately computed, and shall be charged against the appropriations relating to the program served by such additional imports.

My proviso added to the Magnuson amendment would in no way diminish the protection afforded the farmers from adverse effects upon the domestic prices for their products. The Secretary of Agriculture would be directed to withdraw from domestic markets a quantity of any commodity subject to price support provisions to balance the quantity of additional imports that are admitted, so that such imports would in no way serve to depress farm prices below the level established as a goal for price support operations. But the cost of any such diversions of commodities from the market would be charged where it properly belongs, to the appropriate gov-

ernmental programs whose purposes are served by additional imports deemed in the national interest under the principles of the reciprocal trade program.

I ask the distinguished Senator from Washington if he will accept this proviso as a modification of his amendment.

Mr. MAGNUSON. Mr. President, I think the suggested proviso would strengthen my amendment and give some flexibility to the President. It follows exactly what the administration recommends. This is what Secretary Benson says:

In recognition of the fact that a stimulation of imports can impose an intolerable burden on a price-support program, the Congress enacted section 22 of the Agricultural Adjustment Act. This section provides for the imposition of import quotas or import fees whenever imports of any agricultural commodity or product thereof render or tend to render ineffective or materially interfere with any price-support or marketing order (or certain other) program. This is permanent legislation.

The Secretary concludes:

Although section 22 was originally enacted in 1935, it was very little used. It calls for investigation by the Tariff Commission after recommendation by the Secretary of Agriculture. Only 5 such investigations have been instituted in the past 17 years. Experience has shown that these investigations are usually long, drawn out and this procedure has proved to be wholly ineffective to meet the problem.

That is all that my amendment, as modified by the suggestion of the Senator from Wisconsin, would do.

The PRESIDING OFFICER. Is the Chair to understand that the Senator from Washington accepts the modification suggested by the Senator from Wisconsin?

Mr. MAGNUSON. Yes.

Mr. WILEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WILEY. What is the parliamentary situation?

Mr. MAGNUSON. The junior Senator from Wisconsin has submitted a modification to my amendment which I have accepted, so the question before the Senate is on agreeing to my amendment, as modified by the suggestion of the junior Senator from Wisconsin, which I think will strengthen it and give the President much more flexibility.

Mr. WILEY. Mr. President, may I have 1 minute?

Mr. MAGNUSON. I shall be glad to yield 1 minute to the senior Senator from Wisconsin if I have 1 minute left.

The PRESIDING OFFICER. The Senator from Washington has 1 minute remaining.

Mr. WILEY. Mr. President, my junior colleague [Mr. PROXMIER] has submitted a proposed modification to the amendment of the Senator from Washington, which I have previously discussed with the National Milk Producers Federation. As I understand, its purpose is to give the President some discretionary power under the Trade Agreements Program with regard to foreign farm products which are subject to agricultural import quotas.

Under the Magnuson amendment, as now modified, the President would have been denied such discretion.

The thinking of the Senate is, apparently, that the President must, in accordance with his prerogatives as Chief Executive, have such a power.

The Senate, apparently, will therefore reject any amendment such as proposed under the Kerr or Payne amendment, which would impair the President's rights. This amendment, as modified, would not.

It soundly provides that, if the President does raise the amount of incoming foreign competitive farm products, he must make provision for an equal amount of domestic price-supported farm products to be withdrawn from the market.

As indicated yesterday, farm products are, in this respect, different entirely from an item like plywood since farm products, alone, are subject to price support programs.

I shall be happy to support the pending amendment, as modified.

Mr. MARTIN of Pennsylvania. Mr. President, I yield 4 minutes to the Senator from South Dakota [Mr. MUNDT].

Mr. MUNDT. Mr. President, I rise in support of the pending amendment, of which I am a coauthor. I should like to address a few comments and observations in support of the amendment offered by the distinguished senior Senator from Washington [Mr. MAGNUSON].

This amendment to H. R. 12591 is directed at section 22 of the Agricultural Adjustment Act of 1933, as amended, and it would seek to provide for some beneficial changes in the administration of this section by the executive branch of Government. In order to understand the full need for these changes in section 22 of the Agricultural Adjustment Act, it might be of benefit to make a brief review of the legislative history of section 22 and the conditions which compelled its original enactment.

Congress is now annually appropriating between \$3 billion and \$4 billion for domestic agriculture programs. These programs include price supports of certain agricultural commodities, crop loan programs, soil bank and conservation reserve programs, and programs providing for technical services to the American farmer. Our entire domestic agriculture program is dedicated to the stabilization of American farm income and to insuring that the American farmer will receive a fair price for his product and his labors in the market place. The domestic farm program sponsored and financed by the Federal Government from revenues collected from the American taxpayer has, when successfully operated, tended to establish a price level in this country for farm products which is often substantially above the level of the world market price. This higher American price level for farm commodities has, in turn, encouraged many foreign producers to export farm products into the United States. So the better our farm program works, the greater the hazard of having it destroyed by foreign imports.

Oftentimes foreign producers have strayed completely from their normal trade channels to export and produce

to the United States to obtain the higher American price. This has had a two-fold effect. It has destroyed, in many cases, the effectiveness of our domestic farm program to the detriment of the American farmer and has disrupted normal and traditional international trade channels for agricultural products.

Congress became cognizant of the detrimental effects that foreign agricultural imports could have on our domestic farm program and in 1935 enacted section 22 of the Agricultural Adjustment Act. Section 22 as originally enacted provided that whenever the Secretary of Agriculture determined that foreign imports of agricultural commodities were having a detrimental effect on our domestic farm prices and farm program, he would notify the President who would, in turn, direct the Federal Tariff Commission to institute an investigation of this matter. If the Tariff Commission then found that foreign imports were, in fact, destroying the effectiveness of our domestic program, the Commission would so notify the President and he would then issue a proclamation imposing such limitations on imports and such fees not in excess of 50 percent ad valorem, as will tend to return our domestic farm program to its intended effectiveness. Section 22, as originally enacted, became operative only after it had been determined that actual imports were working to the detriment of our domestic farm program. This was found to be not wholly adequate, for it was somewhat like closing the barn door after the horse had been stolen, so that in 1940 Congress broadened the provisions of section 22 to allow the Secretary of Agriculture to recommend that a Tariff Commission investigation be initiated whenever it appeared that foreign imports which were certain to be made in the future would have a detrimental effect on the American farm program.

Section 22, as originally enacted, related only to the effect on adjustment programs, but was later broadened to include all agriculture programs such as price supports, marketing quotas, conservation programs, and so forth. The enactment of section 22 and the amendments to broaden its coverage indicate clearly that it is the intent of Congress that there must be a protection by the Federal Government of our domestic farm program from the adverse effect of large foreign imports which are encouraged by the higher American farm prices which are artificially established by the federally sponsored domestic farm program.

Unless we have some kind of protection, we place the American taxpayers in the position not only of shoring up the American producers, but actually writing a price floor under the agricultural products of the world, and maintaining them from the largesse of the American Treasury.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MARTIN of Pennsylvania. I yield 2 additional minutes to the Senator from South Dakota.

Mr. MUNDT. Mr. President, Congress recognized that it made little sense to expend hundreds of millions of tax dollars in a program to insure good prices to the American farmer and at the same time engage in a foreign-trade policy that tended to destroy the beneficial effects of that program.

Unfortunately, the executive branch of Government, primarily the Department of State and the Tariff Commission, have consistently refused to carry forward the true intent of Congress. There is little doubt that the Constitution places in the Congress of the United States the primary responsibility for regulating commerce, both foreign and among the several States, and it is regrettable that the executive department has not carried out the intent of Congress in section 22 of the AAA, which related specifically to foreign commerce and its effect on commerce among the several States.

The Magnuson amendment would simply make some modifications in the administration of section 22 by the executive branch so that the clear intent of Congress on this issue can be more effectively carried out. The Magnuson amendment would eliminate the activities of the Tariff Commission with respect to the administration of section 22, and it would place in the Secretary of Agriculture the complete responsibility for conducting the investigations of the effects of foreign agricultural imports on our domestic farm program. It thus eliminates one step prior to the Presidential proclamation imposing import limitations. It makes good sense, for under section 22 as it currently exists on the books it will be necessary for the Secretary to conduct a preliminary investigation before he can recommend to the President that a full-scale investigation be initiated by the Tariff Commission. This amendment would simply allow the Secretary of Agriculture in the first instance to conduct a full-scale investigation of the effect of certain foreign imports on our American farm program and then move immediately to make his recommendation to the President. The Magnuson amendment is, in effect, nothing more than a perfecting amendment to improve the administration of section 22, so that the clear intent of Congress on the issue of foreign imports of agricultural products can be effectively implemented. This amendment is in no way a new or revolutionary proposal for it is nearly identical to an amendment which was favorably reported by the Senate Agriculture Committee in 1950. This amendment also received the approval of the Senate in that same year but was unfortunately lost in a conference with the House.

It is unfortunate that the section 22 administration was ever placed in the hands of the Tariff Commission, and this resulted from the misimpression that section 22 related primarily to our foreign-trade policy. This is in no way true, for although it affects foreign-trade decisions it most directly relates to our domestic-farm program and should therefore, logically, be administered by the Department of Agriculture.

Mr. MARTIN of Pennsylvania. Mr. President, I yield 5 minutes to the Senator from Minnesota.

Mr. THYE. Mr. President, I rise to oppose the amendment offered by the Senator from Washington [Mr. MAGNUSON]. There are other very sincere friends of mine who cosponsor the amendment. They are the Senator from Wyoming [Mr. BARRETT], the Senator from Ohio [Mr. BRICKER], the Senator from Nevada [Mr. BIBLE], the Senator from Nebraska [Mr. CURTIS], the Senator from Washington [Mr. JACKSON], the Senator from South Dakota [Mr. MUNDT], the Senator from Montana [Mr. MURRAY], the Senator from Wisconsin [Mr. PROXMIRE], and the Senator from North Dakota [Mr. YOUNG].

Mr. President, one might well ask why I oppose an amendment which is offered by these distinguished Senators, who represent agricultural States, and who are identified with farm legislation.

I oppose it, because it would bypass the Tariff Commission. That is my first objection. We should not have two agencies operating in the same field. It would bring about divided responsibility between the Tariff Commission and the Department of Agriculture.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. THYE. I had 5 minutes. If my 5 minutes have expired, then I have lost all conception of time.

The PRESIDING OFFICER. The Chair is informed by the Parliamentarian that the Senator from Minnesota has 2 minutes remaining.

Mr. MARTIN of Pennsylvania. I had yielded 5 minutes to the Senator.

The PRESIDING OFFICER. The Senator is correct.

Mr. THYE. We must not have divided responsibility. The Tariff Commission has administrative responsibility over tariffs. The Department of Agriculture has the responsibility of determining whether an injustice is being done to agriculture by imports under tariff agreements.

Section 22 comes into effect on imported perishable commodities. A fund is created from the imports of agricultural commodities. It is a credit which aids in the administrative functions connected with perishable commodities.

Therefore, I believe we must protect that function of the Department of Agriculture, as well as the responsibility of the Tariff Commission.

In the second place, I have made up my mind that I would resist all amendments to the bill. It is a highly controversial bill, as is the subject it deals with, the reciprocal trade policy. If we accepted one amendment to the bill, we would hardly be in a position to deny acceptance of other amendments. If we were to amend the bill on the floor of the Senate, we might place it in jeopardy, and thereby perhaps endanger the whole legislation. The reciprocal trade agreements are very important to our relations with other countries of the world. For that reason I have made up my mind that I would resist all amendments.

I represent, in part, the State of Minnesota, and I know that some very important farm organizations in my State are in favor of the amendment. That fact disturbs me quite a bit; namely, that I should not agree with the fine farm organizations that favor the amendment. However, in order to make certain that we do not jeopardize the enactment of the Reciprocal Trade Act, I must oppose the pending amendment. If a yea-and-nay vote is taken on the amendment, I shall have to record my vote in opposition to the amendment.

Mr. MARTIN of Pennsylvania. Mr. President, I yield 2 minutes to the distinguished Senator from Vermont.

Mr. AIKEN. Mr. President, I wish to endorse the remarks of the Senator from Minnesota [Mr. THYE]. I realize that the slowness of the President, in meeting the threat of imported ice cream mix and butter oil is at least partly responsible for the offering of the pending amendment. However, those two imports have been brought under control. It was not an easy task to overcome the ingenuity of the importers of those commodities, but it has been done.

On the other hand, I am afraid it would be very harmful to adopt amendments of this kind at this time. We export hundreds of millions worth of citrus fruits and desiduous fruits and early vegetables every year. Canada is our best customer for those products. Canadian agriculture has been badly hurt from time to time by importations of fruits and early vegetables lapping over their season, and virtually wrecking their market. The Canadians have been very patient. I am afraid that they would feel obliged to retaliate if we undertook to handle the situation in the way it is proposed, by means of the pending amendment.

As the Senator from Minnesota has said, we have established a Tariff Commission to handle these problems. I do not see how the amendment would help to protect us in the field of perishables, which do not come under the price support program. Therefore I believe we had better not add this kind of amendment to the bill. We are dealing with a very complex problem, which is fraught with great possibility of disaster for us.

Mr. THYE. Mr. President, will the Senator from Pennsylvania yield so that I may comment on the remarks of the Senator from Vermont?

Mr. MARTIN of Pennsylvania. I yield 1 minute. I remind the Senator that we are operating under a limitation of time.

Mr. THYE. I appreciate the statement of the Senator from Vermont. I, too, have criticized the Department of Agriculture and the Tariff Commission with respect to the exercise of their authority and responsibility on butter oil. I recall how I went into the question of the blue moon cheese—a roquefort cheese which we call blue moon—which comes from foreign countries. I discussed that question and succeeded in having the imports of that product stopped.

We have clarified the butter-oil matter. We have clarified many of the other administrative functions under the present system.

Therefore, I feel that I must oppose the amendment. I fear that its adoption would jeopardize the passage of the reciprocal trade bill, which is so important at this time.

Mr. MAGNUSON. Mr. President, will the Senator from Pennsylvania yield 1 minute to me from his time?

Mr. MARTIN of Pennsylvania. I yield 1 minute to the Senator from Washington.

Mr. MAGNUSON. I cannot understand the reasoning of the Senator from Vermont. He must have no faith at all in the Secretary of Agriculture. The Department of Agriculture will not, willy-nilly, let the things he mentioned occur. All these matters will have to be justified. The Department will not let American products be shipped into Canada in such a manner as to wreck the Canadian market. If a proposal is justified, the Department will approve it. The Senator from Vermont predicated his remarks on the fact that American producers would flood the Canadian market.

Mr. AIKEN. It is being done. We might as well admit it. It is being done all the time now. I do not want to give Canada any excuse to put embargoes on vegetables shipped from the United States.

Mr. MAGNUSON. But that is frequently done now.

Mr. MARTIN of Pennsylvania. Mr. President, I yield to the distinguished Senator from Virginia as much time as he may require.

The PRESIDING OFFICER. The Senator from Virginia has 14 minutes.

Mr. BYRD. Mr. President, I oppose the amendment offered by the Senator from Washington [Mr. MAGNUSON] and other Senators. The effect of the amendment is to bypass the Tariff Commission in all matters relating to food importation under section 22.

As the Senator from Minnesota [Mr. THYE] has stated great confusion would result. The Federal Tariff Commission would be working along the same line as the Agricultural Department. The Secretary of Agriculture would make reports and recommendations with respect to the foods which come into this country under section 22.

I have been in close connection and association with the Tariff Commission for many years. I think it is one of the ablest and most energetic commissions in the Government. I see no reason whatever why an attempt should be made to bypass the Tariff Commission and to take this matter entirely out of its hands.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator yield for a question?

Mr. BYRD. I yield.

Mr. MARTIN of Pennsylvania. Is it not true that the matter of tariffs is a congressional duty, and that Congress has delegated that duty to the Tariff Commission? Congress has not dele-

gated any duty of this nature to the Secretary of Agriculture, has it?

Mr. BYRD. The Senator from Pennsylvania is entirely correct. The Tariff Commission has trained experts who are conducting investigations into this kind all the time. They are experienced in such matters. The amendment of the Senator from Washington would place a colossal burden on the Secretary of Agriculture.

It has been said that the amendment would help farmers. I should like to read a letter I received today from the American Farm Bureau Federation, the largest farm organization in the United States:

The Farm Bureau supports a strong reciprocal trade agreements program. We consider this legislation fundamental to the development and maintenance of permanent foreign markets for our farm products.

Attached is a brief analysis of the proposed Magnuson amendment to the Reciprocal Trade Agreements Act. It radically alters section 22 of the Agricultural Adjustment Act.

The Farm Bureau supports passage of H. R. 12591 without crippling amendments. We oppose the Magnuson amendment.

I shall give the Senate the reasons why the American Farm Bureau Federation opposes the Magnuson amendment. They are clear, concise objections:

The American Farm Bureau Federation believes that the proposed Magnuson amendment to H. R. 12591, Reciprocal Trade Agreements Act is not in the best interest of American agriculture.

Section 22 of the Agricultural Adjustment Act was enacted in 1935. It prescribes definite procedures under which import quotas or fees can be applied to agricultural imports whenever increased imports threaten to materially interfere with the operation of Federal agricultural programs. Farm Bureau supports section 22 as necessary to prevent disruption of domestic agricultural programs.

The Magnuson amendment would make fundamental and far-reaching changes in this law.

Some of the effects of these changes are:

1. The Secretary of Agriculture would be subjected to tremendous pressure by producers or processors who wished to restrict imports.

2. The Department of Agriculture itself would be required to investigate and hold hearings to determine whether an agricultural program was being threatened. The impartial tribunal of the Tariff Commission would be circumvented and its investigation staff duplicated.

3. The Secretary of Agriculture would have total responsibility to decide whether increased imports were threatening a domestic program and to determine what additional fees or quotas were necessary. His decision would be final. The President would be required to follow the Secretary's decision.

4. There would be virtually no limitation to the import restricting power vested in the Secretary—to the degree that he would be authorized to impose a complete embargo in cases requiring "special treatment", a term which is not defined.

5. In designating articles on which quotas or increased fees are to apply, the Secretary is directed to use "broad designations" so as to include all possible forms, combinations, and mixtures in which an article might appear. This requirement would make proper investigations and hearings extremely complex and involved.

To provide this type of broad authority in any department of the Government establishes a dangerous precedent that could mean the end of an effective trade agreements program.

The inevitable effect of the Magnuson amendment would be to alienate important foreign customers of our farm products. It would restrict rather than expand trade.

Export markets for our farm products must be maintained and expanded.

Mr. President, I talked this morning with one of the Assistant Secretaries of Agriculture. He said the Secretary of Agriculture was opposed to the amendment and had made no request for it. He said the Department stood with the administration in support of the bill as it now stands, without substantial amendment.

The pending amendment attempts to place upon the Secretary of Agriculture a large and very burdensome new duty. His organization is not qualified, equipped, or trained to undertake such difficult matters.

Furthermore, two agencies would be operating in the field of imports under foreign trade: first, the Secretary of Agriculture, handling agricultural products under section 22; the other, the Federal Tariff Commission. I have great confidence in the Federal Tariff Commission. I think it would be a great mistake to bypass it and give the duties of the Commission to the Secretary of Agriculture. To do so would result in great confusion.

I hope the amendment will be rejected.

Mr. MAGNUSON. Mr. President, the Senator from Virginia is correct. The American Farm Bureau Federation sent the letter to which the Senator referred. I do not agree with its conclusions at all. But the other two large farm organizations hold different views.

The American Farm Bureau Federation is consistent. It has opposed this kind of amendment since 1951, when I first offered it.

I call attention to the fact that I have quoted the Secretary of Agriculture at great length. He is somewhat inconsistent in his statements. I have quoted him directly—

Mr. BYRD. I will give the Senator the source of my authority. The statement I received was that of Assistant Secretary of Agriculture McLain, who told me in a telephone conversation this morning that the Secretary of Agriculture did not support the Magnuson amendment, but opposed it.

Mr. MAGNUSON. I do not question the fact that Mr. McLain made that statement to the Senator from Virginia.

Mr. BYRD. But the Senator from Washington said that he was inconsistent.

Mr. MAGNUSON. That the Secretary of Agriculture was inconsistent.

Mr. BYRD. My information came to me about 10 o'clock this morning, so it is later than that of the Senator from Washington.

Mr. MAGNUSON. I think I know why the Secretary has changed from his original position with respect to section 22. It is understandable.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. MARTIN of Pennsylvania. If the amendment were adopted, in order that the Secretary of Agriculture might intelligently comply with its provisions, would it not be necessary for him to employ a great number of experts, thus adding to the cost and probably causing confusion?

Mr. BYRD. I certainly agree with the view of the Senator from Pennsylvania.

Mr. MAGNUSON. If the Senator sat on the Committee on Appropriations and considered the Department of Agriculture appropriations—and this is only with respect to the domestic price support programs, with which the Department is dealing all the time—he would find that actually hundreds of economists, rate experts, tariff experts, and world trade experts are employed by the Department in connection with the domestic farm program. That is all the amendment would deal with. The Department of Agriculture has so many persons in its organization that it cannot even get them into the main building.

Mr. BYRD. There would not be about his proposal the simplicity of which the Senator speaks.

Mr. MAGNUSON. It would be simple if they were put to work.

Mr. BYRD. It would not be so simple as the Senator says, because there would be much routine redtape.

Mr. MAGNUSON. I mean that the Department has the necessary personnel. I agree with the Senator from Virginia that the Tariff Commission does excellent work. My only thought is that it is too late for it to go through this cumbersome procedure.

Mr. MANSFIELD. Mr. President, how much time remains on the amendment?

The PRESIDING OFFICER. The proponents of the amendment have used all the time available to them.

The opponents of the amendment have 5 minutes remaining.

Mr. NEUBERGER. Mr. President, will the Senator from Montana yield to me?

Mr. MANSFIELD. Mr. President, if any time remains under my control, I yield to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. NEUBERGER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter addressed by me to the Secretary of Agriculture; and a letter I have received, in reply, from Don Paarlberg, Assistant Secretary of Agriculture, in regard to the pending amendment to the Trade Agreements Act.

The reply was sent to me under date of July 22, in response to my request of the Department of Agriculture for an analysis of the pending amendment.

The concluding sentence of the letter from Assistant Secretary of Agriculture Paarlberg reads as follows:

The administration is taking an adverse position with respect to the amendment.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

JULY 11, 1958.

The Honorable EZRA TAFT BENSON,
Secretary of Agriculture,
Washington, D. C.

DEAR MR. SECRETARY: As you know, in the very near future the Senate will take up H. R. 12591, the bill to extend the trade agreements program.

You will recall that, in his message to the Congress, President Eisenhower urged the extension of this program for five years "unweakened by amendments of a kind that would impair its effectiveness."

I have received a copy of the attached amendment, which evidently is intended to be proposed to the bill on the floor of the Senate, to place in the hands of the Secretary of Agriculture the full authority for the administration of section 22 of the Agriculture Adjustment Act, and over the impact of agricultural imports on the domestic farm market. I am writing you in the hope that you may be able to inform me, before I am called upon to vote on this amendment, of the administration's analysis and recommendations regarding it.

I realize that you will not have much time to reply to my inquiry before we may reach a vote on this amendment. However, I understand that this is not a new issue but rather one which has been brought up in the past in connection with bills to extend our reciprocal trade agreements program. Consequently, I trust that it will be possible for you to give me your analysis, and to state the position of the administration with respect to the desirability of the proposed amendment before the matter comes to a vote.

With good wishes,
Sincerely,

RICHARD L. NEUBERGER,
United States Senator.

DEPARTMENT OF AGRICULTURE,
OFFICE OF SECRETARY,
Washington, July 22, 1958.

HON. RICHARD L. NEUBERGER,
United States Senate.

DEAR SENATOR NEUBERGER: Reference is made to your request for an analysis and our views with respect to an amendment to H. R. 12591 proposed by Senator MAGNUSON.

This amendment would transfer the investigating and recommending authority on section 22 cases from the Tariff Commission to the Secretary of Agriculture. It also provides that the Secretary's findings shall be final and that the President would have no alternative but to issue a proclamation on the basis of the Secretary's recommendation. It also provides for further limitations on imports if the Secretary deems necessary in order to meet certain criteria specified in the amendment.

The administration is taking an adverse position with respect to the amendment.

Sincerely yours,
DON PAARLBERG,
Assistant Secretary.

Mr. BYRD. Mr. President, I yield back any remaining time.

The PRESIDING OFFICER. The remaining time is yielded back.

All time has expired.

The question is on agreeing to the modified amendment of the Senator from Washington [Mr. MAGNUSON]. (Putting the question.)

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAGNUSON. Mr. President, on the question of agreeing to my amendment, as modified, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Missouri [Mr. HENNINGSON], the Senator from Florida [Mr. HOLLAND], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent because of illness.

The Senator from Arkansas [Mr. McCLELLAN] is unavoidably absent.

On this vote, the Senator from Florida [Mr. HOLLAND] is paired with the Senator from Vermont [Mr. FLANDERS]. If present and voting, the Senator from Florida would vote "yea" and the Senator from Vermont would vote "nay."

I further announce that if present and voting, the Senator from Massachusetts [Mr. KENNEDY] would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Vermont [Mr. FLANDERS] is necessarily absent, and is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from Vermont would vote "nay" and the Senator from Florida would vote "yea."

The result was announced—yeas 44, nays 46, as follows:

YEAS—44

Barrett	Hill	Mundt
Bible	Hruska	Murray
Bricker	Jackson	O'Mahoney
Bridges	Jenner	Potter
Carroll	Johnston, S. C.	Proxmire
Case, S. Dak.	Jordan	Russell
Chavez	Kerr	Schoeppel
Church	Kuchel	Smathers
Cotton	Langer	Sparkman
Curtis	Long	Symington
Dworshak	Magnuson	Talmadge
Ellender	Mansfield	Thurmond
Ervin	McNamara	Wiley
Fulbright	Monroney	Young
Goldwater	Morse	

NAYS—46

Aiken	Fear	Morton
Allott	Gore	Neuberger
Anderson	Green	Pastore
Beall	Hayden	Payne
Bennett	Hickenlooper	Purtell
Bush	Hoblitell	Revercomb
Butler	Humphrey	Robertson
Byrd	Ives	Saltonstall
Capehart	Javits	Smith, Maine
Carlson	Johnson, Tex.	Smith, N. J.
Case, N. J.	Kefauver	Stennis
Clark	Knowland	Thye
Cooper	Lausche	Watkins
Dirksen	Malone	Williams
Douglas	Martin, Iowa	
Eastland	Martin, Pa.	

NOT VOTING

Flinders	Holland	McClellan
Hennings	Kennedy	Yarborough

So Mr. MAGNUSON's amendment, as modified, was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. KNOWLAND. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion

of the Senator from California to lay on the table the motion of the Senator from Texas to reconsider.

The motion to lay on the table was agreed to.

COMPACT BETWEEN STATES OF OREGON AND WASHINGTON ESTABLISHING A BOUNDARY BETWEEN THOSE STATES—CONFERENCE REPORT

Mr. O'MAHONEY. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7153) giving the consent of Congress to a compact between the State of Oregon and the State of Washington establishing a boundary between those States. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read, for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 21, 1958, pp. 13228-13229, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the report.

The report was agreed to.

UNITED NATIONS ACTION WITH RESPECT TO LEBANON

Mr. KNOWLAND. Mr. President, the wire services have just carried a report from the United Nations at New York that the vote on the Japanese compromise plan was 10 to 1, with only the Soviet Union voting against it. Just before the final vote, the 11-nation Security Council had rejected overwhelmingly a series of Soviet amendments.

Only the Soviet Union voted for the proposed changes which would have condemned the United States for intervening in the affairs of Lebanon and would have demanded the immediate withdrawal of United States forces.

The vote on the amendments was 1 in favor, 8 against, and 2 abstaining.

This is another example of the exercise of the Soviet veto. Even with respect to this very limited resolution, there is an indication of the critical problem facing the United Nations with respect to taking action over the continuous Soviet vetoes.

DEATH OF JAMES H. McCLELLAN

Mr. JOHNSON of Texas. Mr. President, it is with the deepest regret that I inform the Senate that James H. McClellan, the son of the distinguished Member of this body, the senior Senator from Arkansas [Mr. McCLELLAN], was killed in an airplane crash a few minutes ago. I know that every Member of this body is distressed to learn of the accident. I know that each and every Member grieves with the father

and the members of the family in their loss.

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). The Chair is sure the sentiments of the entire Senate are reflected by the statement the distinguished Senator from Texas has made.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks an Associated Press dispatch on this tragic event.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

LITTLE ROCK, July 22.—A twin-engined plane crashed and burned near here this afternoon, killing four persons, including the son of Senator JOHN L. McCLELLAN, Democrat, of Arkansas.

State police identified the dead as James H. McClellan, 25, of Little Rock, who practiced law here; Willis Denman Hill, 57, of Fort Worth, Tex.; Harold K. Gilbert, of Stuttgart, Ark.; and J. R. Williams, 32, of Little Rock.

The crash occurred about 10 miles west of the nearby Mayflower Community, near the Arkansas River.

Mr. FULBRIGHT. Mr. President, I wish to express my sympathy to my senior colleague [Mr. McCLELLAN] in the loss of his son, Jimmy McClellan. I know that I speak for the people of Arkansas when I, on their behalf, express their profound sympathy.

This is the third son Senator McCLELLAN has lost under very tragic circumstances in the past 15 years. It is difficult to understand why any man should be subjected to so much personal tragedy. Certainly JOHN McCLELLAN has suffered far more than his share. That he has been able to bear up under it and carry on his work as a Member of this body is an indication of the quality of his character.

His first son, Max, died in North Africa while in the service of his country.

John L. McClellan, Jr., was killed while en route to the reburial of Max in Arkansas.

It is an extremely sad occasion to have to take note of this tragic event, but I know that all the people of Arkansas would join in expressing their sympathy to Senator McCLELLAN.

Jimmy McClellan was a fine young man, successful in the practice of law and with three fine children and a lovely wife. I know that Senator McCLELLAN was, with good reason, very proud of his son and his family.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks for the information of the Senate, a brief press service dispatch announcing the tragedy.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

CONWAY, ARK.—Four men, including the 25-year-old son of Senator JOHN L. McCLELLAN of Arkansas, were killed about noon today in the crash of a twin-engine plane, 10 miles south of Conway, Ark.

Officials of the CAA identified the victims as James H. McClellan, 25, of Little Rock; J. R. Williams, 32, of Little Rock; Harold K. Gilbert, 33, of Stuttgart, and Willis Desmond Hill, 57, of Fort Worth, Tex.

The plane did not burn. It was a Beechcraft Travelair, four-place, twin-engine craft.

His son's death was the fifth crushing tragedy in the sad life of the veteran Senate investigator.

McClellan was informed by his administrative assistant, Ralph Matthews, when word of the crash was received from Arkansas.

James was the Senator's only surviving boy. Two others had died tragically, one within the past few years.

Also McClellan's first two wives died. He is now married for the third time.

The oldest son, Max, died in North Africa in World War II. A second son, John L., Jr., was killed in an automobile accident en route to reburial services for his brother in Arkansas.

James H. McClellan, the victim, was a prominent young attorney in Little Rock. He was married and had three children.

Young McClellan also is survived by two sisters—the Senator's only remaining children. They are Mrs. H. E. McDermott of Little Rock, whose husband was a law partner of the victim, and Doris McClellan of Little Rock.

Mr. PASTORE. Mr. President, I wish to join my colleagues in expressing my sympathy and extending my condolences to the McClellan family.

We know the McClellan family through the integrity and character of the dedicated public servant who is our colleague.

It is easy for us, therefore, to understand the qualities generated in the Arkansas home to which our colleague turns to find respite from the cares and concerns to which he has given so much of his time and his talent. The community and the country would be looking forward to the scions of the McClellan family to carry on in the tradition of a fond, proud and able father. So the sorrow transcends even the grief of one home. A saddened Nation will pause to share something of this sorrow—with a sympathy sincere and deep.

Mr. JOHNSTON of South Carolina. Mr. President, I know that we all sympathize with our colleague, JOHN McCLELLAN, at this time. I wish to join in the remarks which my colleagues have made.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. PASTORE. Mr. President, I offer, on behalf of myself and other Senators, my amendment 7-18-58-D, and ask that it be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. . So long as any agency of the United States under any Federal program is making cotton available for export at prices less than the prices at which cotton of comparable quality is available for domestic use, the President shall impose on imports of cotton manufacturers such import fee as is necessary to equalize the difference in the cost of cotton contained therein, measured by the difference between the prices at which United States cotton is made avail-

able for export and the prices at which the Commodity Credit Corporation makes or is authorized to make cotton of comparable quality available for unrestricted domestic use.

Mr. PASTORE. Mr. President, I wish to modify my amendment in line 5, because of a typographical error. The word "manufacturers" should be "manufactures."

The PRESIDING OFFICER. The Senator from Rhode Island has a right to modify his amendment.

Mr. PASTORE. Mr. President, at the very outset let me say that I do not expect a vote on this particular amendment. I have no illusions that in the atmosphere which prevails in this Chamber this afternoon the amendment would be adopted.

My reason for offering the amendment, Mr. President, is to make a record with reference to the question which it raises and at the same time to bring the subject to the attention of the Members of the Senate and, I hope, to the attention of the executive branch of the Government, with the expectation that possibly something can be done from an administrative point of view to correct the situation which confronts the cotton textile manufacturers of the United States.

Mr. President, 2 years ago we inaugurated and enacted into law what is known as the 2-price raw cotton system, whereby raw cotton, in order to meet the price on the world market, is being sold to foreign producers at a price which is from 20 to 25 percent less than the price at which cotton is sold to domestic producers. This causes a differential in the cost of the basic raw material which goes into the final price of the processed article.

Several weeks ago the Senate adopted a resolution calling for a study of the decline in the textile industry. A number of witnesses appeared before the committee on July 8, July 9, and July 10, from industry and from labor. There was a constant, consistent complaint on the part of the industry as a whole that the two-price system on cotton was causing some problems for the domestic processors.

I realize, Mr. President, the reason behind the two-price system for cotton. That system is used solely and strictly to allow us to dispose of our surplus raw cotton supply. In order to meet the world market price it became necessary for us to sell abroad raw cotton at from 20 to 25 percent less than the price at which it was sold to domestic processors.

That action was taken 2 years ago, but since that time nothing has ever been done to equalize the differential so that the domestic manufacturer could meet the competition of the foreign producer on an equitable basis. As a result, not only are we competing, on the local domestic market, against a labor cost which is much less than the labor cost for domestically produced merchandise, but we are also trying to meet, which we cannot on a competitive basis, the differential of from 20 to 25 percent in the cost of the raw cotton.

Mr. President, I took this amendment up with the distinguished Chairman of the Committee on Finance. I had hoped that possibly the amendment could be taken to conference. I think it is a fair amendment. It is an amendment which only seeks to do equity.

I realize that the amendment has not been submitted to the committee and that this is the first time the attention of the Senate has been called to it. The amendment has the support of the cotton manufacturers of the Nation.

I realize also that the Secretary of State has not been consulted about the amendment, and that it may have certain ramifications and implications which could be of a wide and broad scope.

The only reason why I am calling up the amendment this afternoon, Mr. President, is in the hope not only to make a record of this case but to point out the differential in cost which the domestic producer has to meet, but which he cannot meet on an equitable and competitive basis.

I was joined in the presentation of the amendment by my distinguished colleagues on the subcommittee, the Senator from Maine [Mr. PAYNE], the Senator from New Hampshire [Mr. COTTON], and the Senator from South Carolina [Mr. THURMOND]. We all agree that this amendment may not have a chance of being adopted this afternoon, because the question it involves does require considerable study and investigation. I hope that the administration, realizing the inequity which now exists, will do something by way of procedures on an administrative level to help offset the differential, which is most inequitable to the domestic producers.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. PASTORE. I yield to the Senator from Alabama.

Mr. SPARKMAN. Mr. President, I commend the Senator from Rhode Island for offering the amendment and inviting the attention of the Senate to the situation which prevails and which the amendment would cure.

I ask the Senator this question: Does he not believe that the difficulties of the textile industry—which, by the way, is one of the industries which has suffered most from the administration of the Trade Agreements Act—could have been greatly lessened through administrative action?

Mr. PASTORE. Of course. I have always contended that we do not practice sufficient selectivity with relation to our imports and exports. Because textiles are a staple product in every nation of the world, because it is so easy for other nations to get into this industry, and because we have done so much in foreign aid by way of helping other nations to build up their plants, I believe that the competition with relation to textiles and other products being exported and imported is completely out of balance.

Mr. SPARKMAN. I ask the distinguished Senator if he recalls a letter which was written about 3 years ago—I believe it was February 18, 1955—by

the President of the United States to the Honorable JOE MARTIN, who is the Republican leader in the House of Representatives, in which he called particular attention to the textile industry and promised that the act would be so administered as to relieve its difficulties.

Mr. PASTORE. I recall it. I daresay that, aside from the agreement which was made with Japan, in which Japan, on her own initiative, agreed to limit her exports to the United States by instituting some element of quotas, scarcely anything has been done.

Mr. SPARKMAN. Is it not true that in order to make such relief effective, a series of agreements would have to be made? In other words, the problem entails considerable administrative work, does it not?

Mr. PASTORE. Yes. I think this administration should take into account the fact that between 1947 and 1957 textile productivity has not increased in proportion to the expansion of our economy. For that reason, it is an industry which requires special attention. One of the basic problems confronting the industry is that we are met with a situation in which the domestic producer of cotton goods must pay from 20 to 25 percent more for the raw material than does his foreign competitor, who is sending goods back to the United States to be sold on the American market.

He is not only spending less money for the basic cost of raw material, but he has the further advantage of cheaper labor.

Mr. SPARKMAN. Would the Senator be willing to have me insert at this point in the RECORD a copy of the letter to which I referred, which President Eisenhower wrote to Mr. MARTIN when the act was under consideration, in 1955, I believe?

Mr. PASTORE. I would welcome it. Mr. President, I ask unanimous consent that the distinguished Senator from Alabama be permitted to insert in the RECORD at this point the letter to which he has referred.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, D. C., February 17, 1955.
The Honorable JOE MARTIN,
House of Representatives,
Washington, D. C.

DEAR JOE: I was concerned to learn from you that there are Members of the Congress who are not wholly familiar with my philosophy respecting H. R. 1 and with my concept of the administration of this program. I send you this letter to eliminate any misunderstanding that may exist.

This point I should like especially to emphasize: Few programs will contribute more fundamentally to the long-term security of our country than the foreign economic program submitted to the Congress on January 10. This program, built around H. R. 1, will powerfully reinforce the military and economic strength of our own country and is of the greatest importance to the well-being of the free world. The program underlies much of our military effort abroad and promises our people ultimate relief from burdensome foreign-assistance programs now essential to free-world security. It recognizes the creditor status of America in the world and assures leadership of our people in the easing of unjustifiable trade barriers which today

weaken all who are joined in opposition to the advance of communism. These considerations underlie my earnest advocacy of H. R. 1. I deeply believe that the national interest calls for enactment of this measure.

I wish also to comment on the administration of this legislation if it is enacted into law. Obviously, it would ill serve our Nation's interest to undermine American industry or to take steps which would lower the high wages received by our working men and women. Repeatedly I have emphasized that our own country's economic strength is a pillar of freedom everywhere in the world. This program, therefore, must be, and will be, administered to the benefit of the Nation's economic strength and not to its detriment. No American industry will be placed in jeopardy by the administration of this measure. Were we to do so, we would undermine the ideal for which we have made so many sacrifices and are doing so much throughout the world to preserve. This plain truth has dictated the retention of existing peril-point and escape-clause safeguards in the legislation.

I want to say further that this same philosophy of administration will govern our actions in the trade negotiations which are to begin next week at Geneva.

You are aware, of course, that by law this program will be gradual in application. A key provision of the bill limits to 5 percent of existing tariff rates the annual reduction in these rates permissible over a 3-year period, and unused authority will not carry forward from year to year. You know, too, that this program will be selective in application, for across-the-board revisions of tariff rates would poorly serve our Nation's interests. The differing circumstances of each industry must be and will be carefully considered. The program, moreover, provides for reciprocity, and in the program's administration the principle of true reciprocity will be faithfully applied. Americans cannot alone solve all world trade difficulties; the cooperation of our friends abroad is essential. With such cooperation, this program provides the means for doing our part to help emancipate free-world commerce from the shackles now holding back its full development.

For the reasons I have here outlined, I hope that H. R. 1, which is so important to every American citizen and to the free world, will receive the wholehearted support of the Congress.

Sincerely,

DWIGHT D. EISENHOWER.

Mr. SPARKMAN. I commend the Senator from Rhode Island for bringing up this subject, and express the hope that he and his subcommittee may continue to work on and study this subject, and call it forcibly to the attention of the administration.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. SALTONSTALL. I join in what the Senator from Alabama has just said. I am also glad the Senator from Rhode Island is bringing this subject to the attention of the Senate. I hope that, as chairman of the subcommittee of the Committee on Interstate and Foreign Commerce, he will give the subject very careful study. I know what it means to the textile industry.

Mr. PURTELL. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. PURTELL. I, too, commend the Senator from Rhode Island for bringing this subject to the attention of the Sen-

ate. While I agree that perhaps much more work must be done, it is quite obvious, from what we heard in the hearings with respect to the textile industry, that some relief must be afforded.

Witness after witness testified to the fact that not only is the American textile industry at a disadvantage so far as labor is concerned, but the raw material, which is grown in the United States and sent to foreign countries, there to be manufactured and sent back to the United States, can be bought by the foreign manufacturer for a price about 25 percent less than our own producers of textiles must pay. I think it is high time that something was done about the situation.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. TALMADGE. I desire to join my colleagues in complimenting the distinguished Senator from Rhode Island for bringing this subject to the attention of the Senate.

The distinguished Senator, along with his colleagues on the subcommittee, is now investigating the problems of the textile industry. Perhaps he is more conversant with the present difficulties of the industry than are most other Members of the Senate.

Georgia is a great cotton-producing and cotton-spinning State. The textile industry is the largest employer of any industry within the State.

It has been stated on the floor of the Senate on many occasions that the textile industry must pay a wage level 10 times as high as do its competitors in the Far East. In addition, so far as raw materials produced in this country are concerned, the American textile industry must pay about \$35 a bale more than the same product sells for overseas. The overseas subsidy is financed by the taxpayers of the United States.

So the textile industry is operating under a two-way disadvantage. First, there is the cost of the raw material, which is subsidized in foreign lands by the taxpayers of this country. Second, there is a wage disparity which is on a ratio of about 10 to 1, to the disadvantage of our own domestic producers.

I commend the Senator from Rhode Island for bringing this subject to the attention of the Senate, and hope that the Congress and the executive branch will join hands at an early date to do something about the situation.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Rhode Island yield?

Mr. PASTORE. I yield.

Mr. JOHNSTON of South Carolina. I wish also to thank the Senator from Rhode Island for bringing this subject to the attention of the Senate. I am very much interested, because of the fact that in South Carolina there are about 28 percent of the active spindles in the United States. I would be derelict in my duty if I did not feel very much interested in this subject at this time.

I, too, hope that the administration will see the light and do something to relieve the situation of the textile in-

dustry. If it does not, I predict on this floor today that many cotton mills in South Carolina will be closed within the next 2 or 3 years. Today they are trying to remain in operation 2 or 3 days a week, but they cannot continue to exist on that basis, considering the great outlay of capital which is necessary, and meet the competition of Japan, where wages are about one-fifth what they are in the United States, while at the same time Japan is able to buy raw cotton produced on American soil for approximately 25 percent less than our manufacturers in the United States must pay for it.

I hope the administration will see the light and do something to relieve the situation in which we find ourselves today.

I thank the Senator from Rhode Island for his activity in this field.

Mr. PASTORE. I withdraw the amendment.

Mr. MORSE. Mr. President, I call up my amendment numbered 7-1-58-B, which I am offering on behalf of myself and the Senators from Washington [Mr. MAGNUSON and Mr. JACKSON].

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 9, after line 14, it is proposed to insert a new subsection, as follows:

(c) The first sentence of subsection (e) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (e)), is amended by inserting before the period at the end thereof a comma and the following: "or any group of producers of the raw or processed agricultural or horticultural products from which any such products or articles are produced."

On page 9, line 15, strike out "(c)" and insert in lieu thereof "(d)."

Mr. MORSE. Mr. President, I call attention to the fact that, as read, the amendment contains a change from the printed version. On line 7, after the word "or" there are now added the words "any group of producers of." So the language to be added will read "or any group of producers of the raw or processed agricultural or horticultural products from which any such products or articles are produced."

Senators will recall that in extending the Trade Agreements Act in 1955 the Senate adopted an amendment similar to this one, only to lose it in the conference with the House of Representatives.

I wish to stress the fact that it is a procedural amendment, not a substantive amendment. I support a reciprocal trade program as ardently as anyone in the Senate. I am supporting a procedural amendment to that program which, in my judgment, is necessary to do justice and fairness procedurally to a group of agricultural producers who are not covered by a farm-support program, and therefore are not subject to any protection under section 22 of the act.

Mr. President, the purpose of the amendment is a simple one. It deals with procedure, and not with foreign trade protection. It provides that in proceedings before the Tariff Commission under the escape and peril-point

clauses the growers of a commodity shall be considered a part of the industry under the definition of injured parties.

I wish to pay what I believe is a deserved tribute to my junior colleague [Mr. NEUBERGER] in regard to his opposition to the amendment. He made it clear on the floor of the Senate yesterday afternoon that he has decided he would not support the amendment. In 1955 he shared my point of view in support of it. The Senate adopted the amendment in 1955, but we lost it in conference, because the administration forces took the position that the definition in the law would cover the situation and provide the procedural protection to our cherry growers which I was urging then and now.

It was discovered after our amendment was dropped in conference in 1955 that the law did not cover the procedural guaranties to the cherry growers for which I had worked. However, since there are those who would try to draw a great personal issue between the two Senators from Oregon whenever they vote differently on the floor of the Senate, I should like to state that I respect the position taken by my colleague on the floor of the Senate yesterday afternoon in opposition to my amendment. I merely disagree with him in his conclusion. I do not feel that in trying to bring about procedural protection to the producers of cherries, we are in any way weakening the substance of the Reciprocal Trade Act. I wish to make it very clear that the adoption of my amendment does not give the cherry producers any substantive relief. It gives them procedural relief, by which they can get before the Tariff Commission for a hearing of their case. In fighting for this amendment I am no less an advocate of a reciprocal trade program than is my colleague. I am only attempting to obtain the adoption of an amendment which will protect our cherry growers by granting them a right to have a hearing before the Tariff Commission under the procedure of the peril point and escape clause of the Reciprocal Trade Act.

The amendment we are proposing is aimed at the agricultural and horticultural products which are not covered by price supports, or other farm program. Commodities covered by price supports, marketing agreements, or any other farm program, fall under section 22, whereby injury to them from imports can be dealt with by the Secretary of Agriculture, and, it is hoped, by the President.

But there are many products not subject to any farm program. Principal among them, insofar as the economy of my own State is concerned, are cherries, grapes, and mint. Not being subject to any Federal farm program, they can receive no assistance from the Secretary of Agriculture under section 22. But due to the interpretation of the law by the Tariff Commission, they cannot appeal to the Tariff Commission for relief from competitive imports under the escape or peril point clauses, either.

The reason is that the definition now in the law is not considered to include

the producers of the raw agricultural material in a "domestic industry producing like or directly competitive articles."

The example of our cherry industry in Oregon has given rise to the need for clarifying language. Here is what has happened in the cherry industry. The growers of cherries, and those who brine them, preparatory to further manufacture, tried in 1952 to join with manufacturers of glacé cherries, which are the finished product, in an appeal for relief from imports of glace cherries under the escape clause. The Tariff Commission ruled that the term "domestic industry" applied only to the manufacturer of the finished product and excluded the growers and briners.

Therefore, in 1955, Senator MAGNUSON and I offered an amendment to the extension bill, H. R. 1, that would correct what the administration and congressional supporters of H. R. 1 called an unintended hardship under the law. But they called attention to changes in the definition that had been agreed on by the administration spokesmen, and took the position that our amendment was unnecessary to eliminate this injustice.

I am satisfied that the injustice is not in fact removed. The language adopted in 1955, defining the industries that may apply for escape or peril relief, is as follows:

The term "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles in commercial quantities.

The hitch is that competition must occur in the product itself. Thus, glacers are the only ones that may seek relief from imports of glace cherries; briners may seek relief from imports of brined cherries, but not glace cherries even though their product is further processed into glace cherries. Growers have been unable to appear to seek relief from imports of either brined or glazed cherries, even though they furnish the commodity that is processed into the finished product.

Consequently, American cherry growers and briners may be precluded from obtaining peril point protection as to any future proposed trade-agreement concession involving glace or other finished cherries, and from instituting, or even appearing as interested parties in, an escape clause proceedings relative to the present or any future trade-agreement concessions on finished cherries.

Our domestic sweet cherry industry is highly vulnerable to imports of foreign brined cherries and finished products such as glace and maraschino cherries. Forty percent of United States production of sweet cherries is normally brined for use in manufacture of maraschino and candied cherries. In some districts, such as in Michigan, New York, and the Willamette Valley of Oregon, more than 80 percent of the sweet cherry production is marketed in brined form. Near Eugene there is located the Eugene Fruit Growers Association, a grower-owned

marketing and packing cooperative with membership of growers with about 1,000 acres of cherries in the Willamette Valley. Their capital investment is close to \$1 million, and they have a \$50,000 cherry packing plant designed exclusively for processing cherries for its members. This organization brines the cherries for its members and sell 95 percent of them for further processing into maraschino and glace cherries.

Tariff concessions to France on these finished cherries have caused imports of them to rise from 5,00 pounds in 1947 to over 5 million pounds in 1957. Yet no appeal is open to domestic growers under the law. The result is that domestic manufacturers and handlers of finished cherries are turning more and more to the handling of imports. The situation has become so bad that for the first time since I have been in the Senate, the growers have stated that they prefer to see the Trade Agreements Act terminated entirely than to continue under present conditions. They fear that new tariff concessions will be granted to France that will increase imports even more, and they will not even be able to present a case to the Tariff Commission.

I ask consent to have appear at this point two resolutions I have received, one from the Northwest Cherry Briners Association and one from the Eugene Fruit Growers Association.

To keep the record straight, let it show that I was anxious to determine how much good the 1955 changes in the language of the law did in meeting this situation. Before presenting my amendment, I had my office get on the telephone to the Willamette Cherry Growers, with whom I have also been in touch on this matter, and find out whether any attempt had been made by the growers and briners to appear before the Commission since 1955. I was informed that they had not, and, as I had assumed, the reason was that their attorneys felt that it was not worthwhile even to go to the expense of making the effort. They were certain from their study that the same objection as had precluded them in 1952 exists, and remains in the pending bill. Although growers were added to the list of domestic industries, they still are not included as a part of an industry seeking relief.

That is why I have proposed, together with the Senators from Washington, to assure agricultural producers at least to their day in court.

Let me emphasize this point. The agricultural commodities covered by any kind of Federal farm program have recourse to the Tariff Commission now, through the Secretary of Agriculture. But products like cherries, grapes, mint, and similar items which are under neither price support nor marketing agreements have no recourse at all in terms of their chief imported competitor. Only the manufacturer to whom they sell can seek relief from an import that competes with his product. But if he chooses to handle the import itself, and many cherry manufacturers are doing that, he cuts off the market of the grower and briner and leaves the latter with no place to go for relief.

If our amendment is adopted, the language would then read:

The terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles in commercial quantities, or any group of producers of the raw or processed agricultural or horticultural products from which any such products or articles are produced.

I want to emphasize to my colleagues that these growers fall between the stools, so to speak, of section 22 and the escape clause. They have no access to the Tariff Commission at all against the imports that cause them hardship. I think that this is a situation unintended by Congress. As a Senator who has for 13 years defended the procedural rights of individuals, of Congress, and any other group or institutions I believe is not being fairly treated, I am certainly going to continue insisting that this segment of the American economy have its procedural rights protected.

There is nothing in this amendment that assures relief from imports to the cherry growers or the industry as a whole. They must run the same gamut as any other industry acting under the escape or peril-point clauses. But they should at least be allowed to run it. That is all we are asking in presenting this amendment to the Senate, and asking for its adoption.

As was brought out in the debate on our amendment 2 years ago, the Senate Finance Committee intended to afford the relief we are requesting.

On May 4, 1955, the Senator from Washington [Mr. MAGNUSON], who joined me as cosponsor of the amendment, quoted the language reported out by the Senate Finance Committee, and which is now law. He stated:

I have the impression that under the committee's new language the cherry growers, for example, could have their day in court, because 50 percent of their product goes into glazed cherries, or other processed cherries. Excessive imports would be injurious to such growers.

I ask the Senator from Texas [Mr. JOHNSON] whether or not my understanding of the language is correct.

Mr. JOHNSON. I have been informed by counsel on the floor that the Senator from Virginia [Mr. BYRD] had carefully considered the statement made by the Senator from Washington and if the Senator from Virginia were present on the floor, he would answer the question of the Senator from Washington in the affirmative, namely, that his statement is correct. The answer is "Yes."

As the CONGRESSIONAL RECORD for that date shows—volume 101, part 4, page 5613—the senior Senator from Washington, the junior Senator from Oregon, who associated himself at that time with the effort I was making to secure procedural justice for the cherry growers, and I, felt we should spell out the intent of the Senate more fully. Therefore we pressed the amendment and it was taken to conference. However, as I have said, the Senate was not sustained in conference.

The administration took the position, which it still takes, that the committee language did not mean what the Senator from Texas, the Senator from Virginia, and apparently much of the Senate, thought it meant.

That does not surprise me. I expected the administration to oppose my amendment 2 years ago, and I am not at all surprised that its spokesmen oppose it now.

The burden of that opposition seems to be that since the glaciers have not shown sufficient injury to warrant escape-clause action, the Tariff Commission should not be expected to concern itself with the plight of the growers and briners. The administration agrees with me that growers and briners have no recourse under existing law against glace and maraschino imports, despite the fact that nearly half their crop goes into the finished product. This is made clear in a letter addressed to Senator NEUBERGER under date of July 16, 1958, by Henry Kearns, Assistant Secretary of Commerce. On this subject, the letter, as printed at page 13070 of the CONGRESSIONAL RECORD of July 21, 1958, states:

(2) More importantly, as a practical matter it is difficult to see why such an amendment is necessary. United States producers of glace cherries can seek direct relief under the escape clause against any serious injury caused by glace cherry imports. Presumably, if such imports were injuring any United States producers, the first and most severe injury would be to United States producers of glace cherries themselves. Any injury which the suppliers of fresh and brined cherries might indirectly suffer would seem unlikely to approach in severity the injury to the glace industry. If this is true, it is difficult to see how suppliers of fresh or brined cherries could demonstrate serious injury, even if they did have direct recourse to the escape clause, as long as the glace industry is not injured.

Of course, it is not a sound argument to deny the cherry growers the right to be heard before the Tariff Commission, simply because the glace cherry producers have not asked for relief before the Tariff Commission. It is obvious that the main reason why they have not asked for relief is because it is in their personal interest to import cheap cherries from abroad and thereby keep down the price of American cherries. The failure in the law to provide a procedural right to American cherry producers to lay their case before the Tariff Commission must be corrected.

This is a procedural deficiency in the law I believe Congress must end once and for all. It does not afford protection from imports to anyone. It does afford protection of procedural rights. It is a fair and just amendment.

I ask to have appear at this point as part of my remarks, communications I have received from William R. Shinn, of the Willamette Cherry Growers of Salem, a wire from former Gov. Charles A. Sprague, E. H. Thompson, chairman of the Industrial Committee of the Salem Chamber of Commerce, and others. As Mr. Shinn states, Governor Sprague's support of the amendment comes from an individual who is a strong supporter, as I am, of reciprocal trade.

This brings out the important fact—

Says Mr. Shinn—

that even individuals in favor of the Trade Agreements Act are in favor of this amendment to enable the cherry growers and briners to have access to peril point escape clause mechanism pertaining to the importation of glacé cherries.

Thus, there is nothing inconsistent between a workable tariff reduction program and a guaranty to producers of raw agricultural commodities that they will have their day in court.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point resolutions, letters, and telegrams, expressing the interest of the cherry growers in my amendment, particularly those of Oregon.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RESOLUTION OF NORTHWEST CHERRY BRINERS ASSOCIATION RE H. R. 10368, THE TRADE AGREEMENTS EXTENSION ACT OF 1958

Whereas H. R. 10368, now pending in Congress, would extend for another 5 years the tariff-cutting trade agreements program under which the United States already has sacrificed most of its tariff protection without obtaining reduction of the high foreign barriers against United States exports; and

Whereas the brined cherry industry of the United States, which provides the market for more than 40 percent of the sweet cherries grown in the United States, cannot survive without reasonably adequate tariff or import quota protection from the abundant supplies of cheaply produced foreign brined and finished cherries which are available for export to the United States; and

Whereas imports of foreign cherries have substantially increased during recent years, the imports of French glacé cherries on which two tariff reductions have been made under trade agreements having increased more than 500 percent during the past 5 years, by reason of which the United States manufacture of glacé cherries has been substantially reduced and threatens to become negligible, with consequent seriously substantial loss of market for the domestic brined cherries normally used in the manufacture of glacé cherries; and

Whereas the escape-clause provisions of the present trade agreements legislation are so worded as to exclude the cherry growers and cherry briners from any escape-clause proceeding involving imported glacé cherries, for the reason that such growers and briners are not themselves manufacturers of competing glacé cherries, with the result that the growers and briners cannot either themselves institute or as interested parties participate in any such escape-clause proceedings, no matter how disastrously affected the growers and briners may be by the glacé cherry imports; and

Whereas the sweet cherry industry is dependent entirely upon domestic markets and has no present or prospective export market, and thus has everything to sacrifice and nothing to gain through the so-called reciprocal trade agreements program: Now, therefore, be it

Resolved, That this, the Northwest Cherry Briners Association, a long-established trade association of commercial briners of cherries in the States of Oregon, Washington, Idaho, and Utah, hereby expresses its earnest opposition to H. R. 10368, and urges that the Congress now reassert its constitutional authority and observe its constitutional responsibility with respect to tariffs and foreign trade by refusing to continue the

present trade agreements program or any other program whereby the President could reduce the United States tariff rates; and

Resolved further, That it is the considered judgment of this association that cherries should be expressly excluded from any continued or new legislation which may authorize reduction of United States tariff rates by trade agreements or Executive order; and

Resolved, That copies of this resolution shall be delivered by the secretary of this association to Members of Congress and other interested persons.

RESOLUTION OF EUGENE FRUIT GROWERS ASSOCIATION RE H. R. 10368, THE TRADE AGREEMENTS EXTENSION ACT OF 1958

Whereas H. R. 10368, now pending in Congress, would extend for another 5 years the tariff-cutting trade agreements program under which the tariff on glacé cherries has already been twice reduced since 1947. These reductions have resulted in 1,000 percent increase of French glacé cherry imports from approximately 5,000 pounds in 1948 to over 5 million pounds in 1957. This very material increase has caused serious loss of a substantial portion of this concern's market outlet for its cherries; and

Whereas Eugene Fruit Growers Association, a grower-owned marketing and packing cooperative with a membership of active cherry growers with approximately 1,000 acres of cherries in the Willamette Valley, representing a capital investment of \$1 million and a cherry packing plant valued at \$50,000 which is designed exclusively for the purpose of processing brined cherries for its members; and

Whereas agriculture in this valley is already in a serious state of distress and the substantial, valuable, existing cherry industry was established as a result of the Tariff Act of 1930 and by the encouragement of Government agencies as a necessary diversification and desirable economic use of land in the Willamette Valley; and

Whereas this organization and its members depend upon 95 percent of its market outlet for cherries in the form of brined cherries for remanufacture into maraschino and glacé type cherries; and

Whereas our industry is now in need of relief from present cherry import competition and would be facing potential ruin and destruction by any legislation which would authorize further reduction of our present inadequate tariff; and

Whereas this association and its cherry growing members with a substantial capital investment and income at stake is dependent entirely upon the domestic processed cherry markets in the United States and has no present or prospective export market, and thus has everything to lose and nothing to gain through renewal of the so-called reciprocal trade agreements program: Therefore, be it

Resolved, That the Eugene Fruit Growers Association hereby expresses its earnest opposition to H. R. 10368 or any other legislation whereby the President could further reduce the United States tariff rates on cherries; and

Resolved further, That it is the earnest request of this organization that cherries be expressly excluded from any continued or new legislation which may authorize reduction of United States tariff rates by trade agreements or executive order; and

Resolved, That copies of this resolution shall be delivered by the secretary of this association to Members of Congress and other interested persons.

BOARD OF DIRECTORS OF EUGENE FRUIT GROWERS ASSOCIATION.

WILLAMETTE CHERRY GROWERS, INC.,

Salem, Oreg., July 2, 1958.

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MORSE: We acknowledge receipt of your wire, dated July 1, informing us to the effect that you have joined with Senator MAGNUSON in offering amendment to Trade Agreements Act similar to your 1955 amendment relating to the cherry industry.

We wired you today stating that we were airmailing to you a copy of the enclosed statement on H. R. 12591 by the Cherry Growers & Industries Foundation before the Senate Finance Committee. As you will note, this statement elaborates upon and pertains specifically to the proposed amendment to the present peril point and escape clause provisions (19 U. S. C., secs. 1360, 1363, 1364).

We hope that the information given in this statement will be helpful to you during the debate on the Senate floor.

The Salem Chamber of Commerce national affairs committee has approved and endorsed this amendment. We understand that Charles Sprague and other members of this committee will be contacting you acknowledging their support of this amendment.

This brings out the important fact that even individuals in favor of the Trade Agreements Act are in favor of this amendment to enable cherry growers and briners to have access to the peril point and escape clause mechanism pertaining to the importation of glacé cherries. They also feel that other Oregon agricultural interests should also benefit in like manner as a result of this amendment.

We appreciate your support on this matter and will look forward to hearing further from you as to your progress in achieving enactment of this amendment.

Sincerely yours,

WILLIAM R. SHINN.

STATEMENT ON H. R. 12591 BY CHERRY GROWERS AND INDUSTRIES FOUNDATION BEFORE THE SENATE FINANCE COMMITTEE

This statement is filed in behalf of the Cherry Growers and Industries Foundation, a trade association of more than 18,000 growers, shippers, and processors of sweet cherries grown in the States of California, Oregon, Washington, Idaho, Utah, Michigan, and New York. The foundation's main office is located at 302 North 29th Street, Corvallis, Oreg.

We propose an amendment to H. R. 12591 for the purpose of correcting a serious deficiency of the peril-point and escape-clause provisions of the present Trade Agreements Act, which H. R. 12591, as it passed the House, does not correct. This proposed amendment is as follows:

"Add to section 5 of H. R. 12591 as subsection reading substantially as follows:

" 'Subsection (e) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (e)), is amended to read as follows:

" '(e) As used in section 1352 (a), (c), 1354, and 1360-1367 of this title, and section 624 (b) of title 7, the terms 'domestic industry producing like or directly competitive products' and 'domestic industry producing like or directly competitive article' mean that portion of subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles in commercial quantities, [and the terms 'like or directly competitive products' and 'like or competitive articles' shall include among other products or articles raw or processed agricultural or horti-

cultural products from which there is manufactured, extracted, or processed a product or article which is like or directly competitive to any product or article upon which a concession is granted or proposed to be granted under a trade agreement.] In applying the preceding sentences, the Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles referred to in such sentences from the operations of such organizations involving other products or articles." (New matter is indicated by black brackets.)

The present peril-point and escape-clause provisions (19 U. S. C., secs. 1360, 1363, 1364) purport to be means of avoidance or escape from serious injury resulting from a tariff reduction or other concession under a trade agreement. The peril-point and escape-clause procedures, however, apply only to the domestic industry which produces articles which are like or directly competitive to the imported article involved (19 U. S. C., sec. 1364 (e)).

In an escape-clause proceeding in the year 1952 relating to glace cherries, the majority report by the Tariff Commission declared that:

"The domestic industry producing glace cherries cannot properly be considered as including the cherry growers or the primary processors of domestic cherries who put up sulfured (brined) cherries." (Tariff Commission's Report No. 185, second series, Glace Cherries, October 1952, p. 7.)

Under this view, the Commission's determination of whether or not glace cherry imports were causing or threatening serious injury to the domestic industry had to be confined to the effects of those imports upon the 20 to 25 domestic companies which were then manufacturing glace cherries. The serious effects upon the many thousands of cherry growers and briners dependent in large measure upon the glace cherry outlet were thus considered to be immaterial.

This apparent exclusion from peril point or escape clause proceedings involving manufactured products, of growers and other producers of raw materials from which the processed or manufactured products are derived, who do not themselves manufacture the raw materials into the final form in which they compete directly with the imported commodities, was pointed out to the Congress at the time the trade agreements legislation was up for extension in 1955. At that time the Senate adopted an amendment expressly for the purpose of rectifying this situation, but the amendment was eliminated by the conference committee, evidently on an assumption that the definition of the term "domestic industry producing like or directly competitive products" which was then inserted into the act would be sufficient to accomplish the same purpose. That definition now in the present statute (19 U. S. C., sec. 1364 (e)) reads:

"The term 'domestic industry producing like or directly competitive products' and 'domestic industry producing like or directly competitive articles' mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles in commercial quantities."

This definition, however, clearly does not meet the situation as to the growers and briners of cherries which are normally sold to manufacturers for processing into glace cherries. The Tariff Commission readily could again rule that even under this added definition the cherries grown by the cherry growers and the brined cherries produced by the briners are not like or directly competitive to the imported glace cherries which may be involved in any future peril point or escape clause proceeding.

Consequently, the United States cherry growers and briners may be precluded, under the present Trade Agreements Act as it would be continued by H. R. 12591, from obtaining peril point protection as to any future proposed trade agreement concession involving glace or other finished cherries, or from instituting, or even appearing as interested parties in, any escape clause proceeding relative to the present or any future trade agreement concessions on such finished cherries.

The domestic sweet cherry industry is gravely concerned by this situation, for the industry is highly vulnerable to imports of cheaply produced foreign brined cherries and finished cherries such as glace and maraschino cherries. Forty percent of the United States annual production of sweet cherries is now normally brined for use as the raw material in manufacture of maraschino, candied and glace cherries. In some producing districts, such as in Michigan and New York, and the Willamette Valley in Oregon, more than 80 percent of the sweet cherry production is marketed in brined form.

The brining market for United States cherries is of key importance to the orderly marketing of the entire domestic sweet cherry production, whether marketed in fresh form, canned, or otherwise processed. Brining is the only method whereby supplies which cannot be taken by the fresh markets, the canners or other users of the fresh fruit can be carried over from year to year and utilized. Any substantial reduction of the brined market for United States cherries would inevitably create a seriously surplus condition, as the other available markets could not possibly absorb any appreciable portion of the volume now brined, and demoralization of all cherry markets would quickly follow. The domestic cherry industry has no present or potential foreign market, but is dependent wholly upon the domestic United States markets.

Access to the peril point and escape clause procedures under the trade agreements legislation is thus of critical importance to the cherry industry. The industry's present position is made especially precarious by the fact that many if not most of the manufacturers who previously purchased domestic brined cherries for the manufacture of glace cherries have ceased such domestic manufacture and now handle exclusively the substantially cheaper imported French glace cherries, the tariff rate on which has been substantially reduced under the existing trade agreement with France.

If the domestic industry producing articles like or competitive to the French glace cherries is confined to the manufacturers of glace cherries, the disappearance of the domestic glace manufacturing industry by reason of the tariff reductions on the imported cherries may deprive the American cherry growers and briners of any peril point or escape clause protection or relief, no matter how seriously they may be affected and injured by the imports of the foreign finished cherries.

The purpose of the proposed amendment hereinbefore set forth is to rectify this grossly unfair situation, and to make good the Government's frequent assurance that the peril point and escape clause provisions of the trade agreements legislation afford every industry a measure of protection against serious injury from excessive imports resulting from trade agreements concessions.

With further reference to section 5 of H. R. 12591, we urge amendment of subparagraph (a) thereof so as to make clear that the term "any interested party" is intended to include agricultural producers. Section 5 (a) of H. R. 12591 would then read as follows:

"Sec. 5. (a) The first paragraph of subsection (a) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (a)), is amended by striking out 'any interested party' and inserting in lieu thereof 'any interested party (including any organization or group of employees for agricultural producers)'. (Black brackets indicate new matter.)

We further urge that the trade agreements legislation not be extended at this time for any period greater than 2 years. We concur in the widely expressed view that United States tariff policy and legislation ought to be carefully and thoroughly reviewed and reappraised, in order that they may be better adapted to changed world conditions and serve the best interests of the United States. Extension of the trade agreements legislation for a period longer than 2 years would, we believe, unreasonably deter and postpone a much-needed reexamination and revamping of the United States foreign trade policies and procedures.

Respectfully submitted,
CHERRY GROWERS AND INDUSTRIES
FOUNDATION,
J. WALTER HEBERT, President.

JUNE 12, 1958.

JULY 1, 1958.

WILLIAM R. SHINN,
Secretary, Willamette Cherry Growers,
Inc., Salem, Oreg.:

Have joined Senator MAGNUSON in offering amendment to Trade Agreements Act similar to our 1955 amendment relating to cherry industry. Would appreciate having any material you can send me to strengthen our case. Finance Committee hearings will close July 3 though hearing record will remain open a few days longer. I hope to submit statement to committee in support of amendment to strengthen our position on floor, and suggest you may wish to do the same.

Regards,

WAYNE MORSE.

WILLAMETTE CHERRY GROWERS, INC.,
Salem, Oreg., June 16, 1958.
Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MORSE: At the time the Trade Agreements Act was last extended for 3 years in 1955 you did our Oregon cherry industry a service by sponsoring an amendment to the escape clause so that cherry growers could have their day in court by changing the definition of "injured party" whereby cherry growers would be considered a part of the industry producing glace cherries.

We were impressed by the fact that you were successful in getting this amendment passed by the Senate. We were disappointed when the House-Senate conference committee deleted this amendment from the act.

House resolution 12591, as passed by the House last week, does not include any changes to clarify the situation.

The need for this amendment has become increasing imperative. Imports of French glace cherries have increased at the following alarming rate:

	Pounds
1948-----	5, 299
1949-----	15, 786
1950-----	153, 484
1951-----	1, 243, 266
1952-----	759, 691
1953-----	1, 587, 359
1954-----	2, 720, 318
1955-----	3, 015, 330
1956-----	4, 952, 027
1957-----	5, 608, 181

Several of the largest glace cherry manufacturers in the United States who formerly used Oregon grown brined cherries al-

most exclusively in their process, have discontinued the manufacturing of glaze cherries entirely and are now devoting their full time to the distribution of imported glaze cherries produced by cheap foreign labor.

It is becoming quite apparent that, with the gradual changeover in the status of the domestic glaze cherry processor from that of a manufacturer to that of an importer that the domestic cherry grower and briner must be authorized by remedial legislation to initiate escape clause proceedings and be considered a part of the domestic industry producing glaze cherries.

We have enclosed several copies of our proposed amendment, advocated by the Cherry Growers & Industries Foundation, to section 1364 of volume 19, United States Code.

This amendment differs from the 1 you sponsored in 1955, in that this 1 pertains to agriculture or horticultural products only.

We understand that Senator MAGNUSON has been contacted by cherry growers in the State of Washington. We are hopeful that he will be in a position to line up with you on this amendment.

Our cherry growers were informed of your assistance in 1955 and will be most anxious for your support on this amendment.

We would appreciate your contacting Senator NEUBERGER for his support on this amendment.

We will look forward to hearing from you in regard to what action you will take.

Sincerely yours,

WILLIAM R. SHINN,
Secretary.

SALEM, OREG., July 1, 1958.

Hon. WAYNE L. MORSE,
United States Senator, Senate Office Building, Washington, D. C.

DEAR SENATOR MORSE: We are writing to ask your favorable consideration for an amendment to section 1364, subsection (e), title 19, United States Code, which will read as follows:

(e) As used in sections 1352 (a), (c), 1354, and 1360-1367 of this title, and section 624 (b) of title 7, the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles in commercial quantities, and the terms "like or directly competitive products" and "like or competitive articles" shall include among other products or articles raw or processed agricultural or horticultural products from which there is manufactured, extracted, or processed a product or article which is like or directly competitive to any product or article upon which a concession is granted or proposed to be granted under a trade agreement. In applying the preceding sentences, the Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles referred to in such sentences from the operations of such organizations involving other products or articles. (June 16, 1951, c. 141, sec. 7, 65 Stat. 74, amended August 7, 1953, c. 349, title I, sec. 102, 67 Stat. 472; June 21, 1955, c. 169, secs. 5, 6, 69 Stat. 166.)

This amendment directly affects the cherry industry in the Willamette Valley and inasmuch as we are vitally interested in our present industry, we respectfully request your favorable consideration. Thank you very much.

Very truly yours,

E. H. THOMPSON,
Chairman, Industrial Committee,
Salem Chamber of Commerce.

No. 123—10

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

We cherry growers now discriminated against because have no access to escape clause on importation of glaze cherries. Urge amendment to correct.

R. W. CLARKE.

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

The present escape clause feature reciprocal trade agreements act discriminates against the farmers whose products are manufactured by other industries. My cherries are sold for brining to be manufactured into maraschino and glaze cherries. I cannot apply for relief against increasing imports of cheap French glaze cherries. Please amend escape clause code to bring me and other cherry growers under this feature of the act.

J. G. HOGG.

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

Urge amendment to allow cherry growers access to escape clause proceedings relative to importation of glaze cherries.

JAMES SMART.

SALEM, OREG., July 22, 1958.
Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

Our 670 cherry-grower members who produce fresh cherries do not have access to the escape-clause mechanism to seek relief from the importation of cherries which come into this country in processed form. The President's repeated statements that the escape clause gives means of relief to all industries does not therefore apply to cherry growers. We request Senate to correct this deficiency in the act with clarifying amendment.

WILLAMETTE CHERRY GROWERS, INC.

SALEM, OREG., July 22, 1958.
Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

Agricultural producers of basic commodities used in the manufacture of a finished product do not have escape-clause protection against the importation of that finished product. This year I had a good crop of cherries and am selling my cherries for manufacture into glaze-type cherries. French glaze cherry imports could ruin my market. Please amend Reciprocal Trade Agreements Act so I can seek escape-clause relief as a cherry growers.

A. E. BOUFFLEUR.

SALEM, OREG., July 22, 1958.
Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

Extremely urgent that Senate adopt amendment to give our cherry industry the same protection under escape clause as other industries have in Trade Agreements Act.

W. FRANK CRAWFORD.

SALEM, OREG., July 22, 1958.
Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

As a cherry grower I do not have escape-clause protection against imports of cheap processed cherries from foreign countries. I urge that you get Senate to amend Trade Agreements Act to eliminate this discrimination.

FRANK FARMER.

THE DALLES, OREG.
Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

Being a cherry grower I want to express appreciation for your support in amending the trade agreements bill to allow individuals concerned to testify.

W. H. MYERS.

THE DALLES, OREG., July 22, 1958.
Senator WAYNE MORSE,
Senate Office Building, Washington,
D. C.:

As a producer of fresh cherries the major part of which are marketed in brine I heartily endorse your amendment which will allow growers to testify on escape-clause procedures to obtain relief from imported cherries. Our costs are rapidly and in some years have been higher than prices received and we cannot compete against foreign-raised cherries where labor costs are so low.

JAMES C. GOFF.

THE DALLES, OREG., July 22, 1958.
Senator WAYNE MORSE,
Senate Office Building, Washington,
D. C.:

I am a grower of cherries and I favor your amendment which allows growers to testify when hearings are held under the escape-clause law to obtain tariff relief.

BRUNO KROON.

THE DALLES, OREG., July 22, 1958.
Senator WAYNE MORSE,
Senate Office Building, Washington,
D. C.:

As a grower of cherries for brining, I heartily support your amendment to the trade bill to allow cherry growers to be heard in escape-clause proceedings involving brined or processed cherry imports. Thanks for your effort in behalf of cherry growers.

DON W. BAILEY.

THE DALLES, OREG.
Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

I strongly support your amendment to allow cherry growers a voice in trade hearings on processed or candied cherry imports. I grow cherries for brining and imports are tough price competition.

LEONA A. FEILING.

EUGENE, OREG.
Senator WAYNE MORSE,
United States Senate,
Washington, D. C.:

Our organization including cherry growers of Willamette Valley strongly urges your best efforts for adoption amendment to reciprocal tariff bill giving cherry industry some protection afforded other industries.

EUGENE FRUIT GROWERS ASSOCIATION.

THE DALLES, OREG.
Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

I favor your amendment which will give growers in my position opportunities to testify against importation of brined cherries and the lowering of tariffs on such cherries which gives us a more difficult market structure to cope with along with our other major problems of increasing production costs.

GEORGE DAVIS.

SALEM, OREG., July 1, 1958.
Senator WAYNE L. MORSE,
Senate Office Building,
Washington, D. C.:

While I strongly favor extension of Trade Agreements Act as outlined in House bill I

also favor amendment offered by agricultural interests permitting them to present their case to Tariff Commission on issues over processed products affecting their interest.

CHARLES A. SPRAGUE.

Hon. CHARLES A. SPRAGUE,
Editor, *Oregon Statesman*,
Salem, Oreg.:

I very much appreciate your wire regarding amendment to Trade Agreements Act. I am co-sponsoring such an amendment with Senators MAGNUSON and JACKSON. Copies are being sent to you separately. Provisions are similar to those we got through Senate in 1955 only to lose out in conference. I will do my best to obtain inclusion of this language in the new Trade Agreements Act. Regards.

WAYNE MORSE,
United States Senate.

SALEM, OREG., July 2, 1958.

Senator WAYNE MORSE,
Senate Office Building,

Washington, D. C.:

Urge amendment Reciprocal Trade Agreement Act to protect manufactured foods.
E. A. BERGLUND.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Washington.

Mr. JACKSON. I wish to commend the distinguished Senator from Oregon for the able presentation of the amendment. I am very happy to be one of the cosponsors of it. As I understand, the objective is merely to give the cherry growers their day in court, so to speak. It is a procedural amendment, as distinguished from a substantive one. Is that correct?

Mr. MORSE. Yes; and the amendment speaks for itself on that point.

Mr. BYRD. Mr. President, I yield 2 minutes to the junior Senator from Oregon.

Mr. NEUBERGER. Mr. President, I realize that this same cherry-growers amendment has been accepted by the Senate before, although it did not become law. I want to state briefly why I do not support the amendment, and why I have not joined with my distinguished and able colleagues from the Pacific Northwest in sponsoring it.

I happen to believe the administration is right in its opposition to the amendment. While I have disagreed with this administration on many issues, I think that it has—in the main—tried to continue faithfully the great reciprocal-trade program begun by President Franklin D. Roosevelt and Secretary of State Cordell Hull.

On July 21, I presented briefly for the RECORD my reasons for opposing the amendment, as a supporter of reciprocal trade. I also included in the RECORD what seems to me a very convincing letter from Assistant Secretary of Commerce Kearns, setting forth the reasons why the Eisenhower administration is opposed to the amendment.

Mr. Kearns described the amendment as "unnecessary" and as "undesirable." He also warned that it might further reduce "the stability of our trade policy."

For these and other reasons which I stated on July 21, I have been against the amendment. I have favored a strong

reciprocal-trade program with as few weakening and diluting amendments as possible, because I think such a program is in the best interests of our own country and of an effective free-world alliance.

Mr. MORSE. I should like to offer the amendment to the distinguished Senator from Virginia, the chairman of the Committee on Finance, with the suggestion that he take it to conference.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. BYRD. As I understand, the Senator from Oregon offered the amendment 3 years ago.

Mr. MORSE. Yes; I did.

Mr. BYRD. It was then accepted by the Committee on Finance. I understand that the amendment is a procedural amendment, and has no mandatory provisions.

Mr. MORSE. That is correct.

Mr. BYRD. I am willing to accept it and take it to conference. I yield back the remainder of my time.

Mr. MORSE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE] in behalf of himself and the Senator from Washington [Mr. MAGNUSON] and the Senator from Texas [Mr. JOHNSON].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. PURTELL. Mr. President, I call up my amendment 7-17-58-G, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PURTELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PURTELL. Mr. President, I call up my amendment designated 7-17-58-G, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 9, after line 22, it is proposed to insert the following:

(d) Such section 7 is further amended by adding at the end thereof the following new subsection:

"(g) It is the sense of the Congress that in the administration of this section quotas should be imposed where necessary to prevent or remedy serious injury to the respective domestic industry."

Mr. PURTELL. Mr. President, I rise to express my continuing support of our reciprocal trade program. I do not wish to see it so emasculated as to be an ineffective instrument for the President's carrying out of trade policies beneficial to our domestic and international economy and security. We are considering this legislation in an hour of grave international peril. Any indication of wavering in our determination to help our friends

and our allies could well result in dire consequences to the free world as we now know it. The extent to which we support our great leader, President Eisenhower, will be an important gage of America's confidence in her leader for the millions throughout the world who are looking to and praying for him now, as freedom once again has come upon a fateful hour.

I also trust that some provision will be made within the structure of the agreements to provide necessary safeguards for our domestic industries which have been seriously impaired, and which may continue to be impaired to the point of extinction, by the unrealistic segmental concentration of foreign imports.

I, in part, represent an industrial State—one of the manufacturing arsenals of our Republic. I have not lost sight either of the broad purpose of reciprocal trade in bolstering the economies of our allies or of the thousands of jobs and millions of dollars within my own State and others which are the results of the manufacture and export of items under this program or the purchase of American goods and wares by foreign countries.

But it is equally factual that many industries in my own State and others which also represent thousands of jobs and which heretofore have contributed importantly to the Nation's economy, have been deteriorating steadily because they have not been safeguarded against concentrated imports which have seriously impaired their operations.

I am not even for a moment arguing a case of having cake and eating it, too. Nor am I advocating a paradoxical package of reciprocal trade and tariff barriers. But I am pleading for a realistic, practical approach to a problem with which we are beset and which begs solution.

I plead in the full realization that our national and international defense are inextricably woven together. I do so also in the knowledge that our national economy is similarly bound together with the economies of other nations.

But I also realize that our own national economy is the financial bulwark upon which the other economies are based and I fail to see the wisdom of continuing to weaken parts of our own economy to shore up and improve foreign economies. There is no net gain in such action. Only net loss can result.

Let me make it crystal clear here that I have no objection whatsoever to the countries linked with us in our agreements continuing to have the same percentage of our domestic market which they now enjoy. Nor do I object to their receiving an increasing volume of our market, as our market grows.

But, Mr. President, I do object to the concentration of foreign imports upon certain segments of domestic industries to the critical, and in some cases near fatal, impairment of these industries. I want only to prevent segmental concentration and spread the impact throughout our domestic industries.

This, I believe, is fair and just. I could, at this point, cite many examples of this segmental concentration in Con-

necticut and elsewhere. But I believe the case of the stainless-steel-flatware industry is both typical and familiar to the Senate.

The Japanese themselves, recognizing the situation being caused by their exports to this country, have imposed a voluntary quota. This was done after requests by myself and others for some kind of assistance went unheeded. The voluntary quota by the Japanese is tacit admission of the harm which has been done. It is true that a study of this particular industry and the effect upon it of foreign imports has been initiated but I feel strongly that a study is not enough. I am forced to wonder how bad a situation must get before it is bad enough not to be studied but to be remedied.

Many workers in this industry are now unemployed. Others are on short time. The future is hazardous. Workers are without income and the merchants and others with whom they trade are also experiencing financial distress.

This is a situation typical of many which can be remedied by practical methods designed specifically to remedy them.

We have long had built-in remedies in the Trade Agreements in the peril-point and escape-clause provisions. These are often referred to as protectionist provisions.

Protection does not necessarily imply high tariff walls. As I said earlier, I do not favor high tariff walls. But protection has been an integral ingredient of the trade-agreements formula since its inception. In a statement to the Finance Committee 2 weeks ago, I noted that the peril-point and escape-clause provisions merely implement the assertions of President Roosevelt and each of his successors in office that in the administration of the Trade Agreements Act serious injury to domestic industries would be avoided. What we have been saying to the world since 1934 is that we will forego the revenue, but not the protective aspects of our laws, if other countries will do the same and no more.

I plead for the utilization of the escape-clause remedy when the facts justify its use. After all, our trade agreements contain escape clauses which can be invoked whenever it is justified. Their presence in the agreements constitutes consent to their use whenever a case is established. Why, then, should there be any reluctance on the part of those administering the trade-agreements legislation?

One of the legitimate remedies permitted under the escape clause is the imposition of a quota, without any question of violation of our international obligations. A former Democratic chairman of the United States Tariff Commission, Oscar B. Ryder, who certainly cannot be classed as a protectionist, had this to say about the escape clause when he testified before the Finance Committee in 1947:

The escape clause and the procedures established by it, together, provide what is very important to have amid the uncertainties of the postwar transition period, a flexible instrument for prompt and adequate action to prevent injury from an unexpected

large and excessive increase in imports. And what is just as important to the maintenance of the trade-agreements program, by this provision it will be possible for the United States to take such safeguarding action with the minimum of risk of causing the other country party to the agreement to terminate the agreement, in whole or in part, as it of necessity is given the right to do in case of such action.

Mr. President, despite the fact that the use of quotas as a remedial measure in escape-clause cases is internationally approved, and the fact that the United States Congress has given its consent to the use of quotas in "escape" actions, the door to the use of this remedy has remained closed. In a recent "escape" action on clothespins the Tariff Commission found that a maximum permissible increase in duty was not adequate to remedy the serious injury suffered by the domestic clothespin industry because of excessive imports and recommended a quota as the only adequate remedy. The quota recommendation was rejected and, instead, the duty was increased. Subsequent developments have proved the Tariff Commission to have been correct. The increased duty has not been effective and the domestic industry is little better off now than it was before.

I recognize that the employment of quotas as a normal method of regulating imports may not be desirable, and I am certainly not suggesting such a policy in all cases. But the adjustment of imports by the escape-clause procedure is not our normal method for regulating imports; it is a procedure for an emergency type of action to correct unintended results of trade-agreement concessions, namely, serious injury to domestic industries. I see no reason why the quota remedy should not be used in escape-clause actions when the need therefor is shown. Such use violates no international obligation of the United States and their use by the President is authorized by law.

It is a necessary balance which should be employed to do what it was designed to do. I seek only proper utilization of existing provisions. I do not desire to tie the hands of the Chief Executive in any way. Rather, I vigorously oppose any attempts to do so.

Mr. President, my amendment to section 7 of the act states that it is the sense of the Congress that in the administration of this section quotas should be imposed where necessary to prevent or remedy serious injury to the respective domestic industry. I hope my colleagues will support this amendment.

Mr. President, the amendment is permissive. The President would not be required to impose quotas; but the amendment would indicate to the President the sense of the Congress regarding the use of quotas, when found to constitute a necessary remedy.

Mr. BUSH. Mr. President, will my colleague yield 5 minutes to me?

Mr. PURTELL. I yield 5 minutes to my colleague from Connecticut.

The PRESIDING OFFICER. The senior Senator from Connecticut is recognized for 5 minutes.

Mr. BUSH. Mr. President, I wish to compliment my distinguished colleague

from Connecticut on his splendid address this afternoon. Ever since he and I have served together in the Senate, he has been a constant and vigorous supporter of the President's program; and my colleague has also been consistent in his position in regard to the escape-clause and peril-point provisions of the act, and has been of great assistance to some of the industries in my State in connection with matters pending before the Tariff Commission and before the President. The junior Senator from Connecticut has been very persuasive with the President on several occasions when the President was considering Tariff Commission recommendations which substantially affected Connecticut industries. So my colleague is speaking again from his splendid background when he submits his amendment which suggests the use of quotas when needed to prevent or to remedy serious injury to domestic industries.

Mr. President, sometimes so marked a wage differential exists between domestic products and imported products that no relief can possibly be afforded by means of a tariff; in some of the cases with which we are familiar, including cases in our own State, there is absolutely no way to compensate by means of a tariff.

My colleague has mentioned the stainless steel flatware case, in which a voluntary quota was imposed by the Japanese upon themselves, after their imports to this country had increased from less than 10 percent of the market to more than 68 percent of the market in a period of 4 or 5 years. In the Japanese industry, 22 cents an hour was paid; in the American industry, \$2.12 an hour was paid. With the labor-cost factor constituting so great a percentage of the total cost of stainless steel flatware, there was no way by which the tariff could be used to afford any protection.

So the administration persuaded the Japanese to impose the quota upon themselves. In other words, the administration used the tool my colleague has been discussing. Because the normal procedure by means of GATT and the obtaining of a waiver under GATT would have required so long a time, the Japanese were asked to recognize the serious effect which their heavy imports were having upon our domestic industry and upon our State of Connecticut; and the Japanese were persuaded to impose a quota on themselves, thus reducing their imports of approximately 11 million dozen by about one-half, or to 5½ million dozen. Thus, in that instance, and also in the velveteen instance of several years ago—when the velveteen produced in Japan and placed on the American market constituted about 60 percent of the market, although previously the imports had amounted to practically nothing—the administration, in order to afford some relief to those industries, persuaded the importers to impose the quotas on themselves.

Mr. President, my colleague's amendment provides in effect that this tool, which has been used and has been found effective, shall be kept in mind, and points out that there are times, such as the ones to which I have referred, when

the tool is effective, and should be considered by the administration.

Therefore, Mr. President, again I compliment my colleague on his remarks and on the soundness of the amendment he has submitted.

Mr. PURTELL. I thank my distinguished colleague from my home State of Connecticut.

Mr. President, by means of the amendment, we request that some relief be given when it is needed. We simply state that it is the sense of Congress that in the administration of this section, a quota should be imposed. In other words, the amendment is permissive.

Since 1947, when the escape-clause procedure began, only 87 cases have been filed with the Tariff Commission—only 87 cases in the course of 10 years.

We are asking for very little. In my opinion, under the escape clause, certainly there should be resort to the use of quotas, when necessary, to prevent or to remedy serious injury.

Mr. President, I hope Senators will vote in favor of adoption of the amendment.

Mr. JOHNSON of Texas. Mr. President, I am prepared to yield back the remainder of the time under my control, on the condition that the Senator from Connecticut do likewise.

Mr. PURTELL. Mr. President, I am happy to yield back the remainder of the time under my control.

The PRESIDING OFFICER. All remaining time has been yielded back.

The question is on agreeing to the amendment of the Senator from Connecticut [Mr. PURTELL]. [Putting the question.]

The amendment was rejected.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PURTELL. Mr. President, I call up my amendment identified as "7-17-58-F," which now has been modified. I offer the amendment, but do not ask that it be read at this time.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD, without being read.

The amendment submitted by Mr. PURTELL is as follows:

On page 2, strike out lines 4 through 6 and insert in lieu thereof the following:

"(1) Paragraph (2) (A) is amended to read as follows:

"(A) Increasing by more than 50 per centum any rate of duty existing on July 1, 1934, except that in the case of a specific duty, the proclamation by the President may convert such specific duty as it existed on July 1, 1934, to its ad valorem equivalent based on 1934 value and may increase such ad valorem rate by not more than 50 per cent."

On page 9, between lines 14 and 15, insert a new subsection as follows:

"(c) Subsection (a) of section 7 of such act is amended by striking out the third paragraph and inserting in lieu thereof the

following: 'Should the Tariff Commission find, as a result of its investigation and hearings, that a product on which a concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products, it shall recommend to the President the withdrawal or modification of the concession, its suspension in whole or in part or the establishment of import quotas, to the extent and for the time necessary to prevent and remedy such injury. The Tariff Commission shall not recommend any increased duty which is more than 50 per centum above the rate existing on July 1, 1934: *Provided, however,* That in the case of a specific duty, the Commission may convert such specific duty as it existed on July 1, 1934, to its ad valorem equivalent on the basis of 1934 value as found by the Commission, and the Commission may recommend that such ad valorem rate be increased by not more than 50 per cent.'"

On page 9, line 15, strike out "(c)" and insert in lieu thereof "(d)."

Mr. PURTELL. Mr. President, this amendment is not complex, and I shall require only a few moments to explain it.

My amendment gives the President and the Tariff Commission power to convert specific duties into ad valorem duties on the basis of 1934 values, subject to all the safeguards now surrounding the escape clause. The amendment will merely place with the President authority to give equal relief to all industries, irrespective of whether their products had been subject to a specific or an ad valorem rate of duty.

Mr. President, as you know, a "specific duty" is a fixed amount of money per pound or other unit of measure, whereas an "ad valorem duty" is expressed as a percentage of the value of the imported item at the time of importation. Virtually all economists, I understand, agree that in the long run an ad valorem duty operates much more fairly than a specific duty, because the dollar amount of an ad valorem duty is automatically adjusted upward and downward, to reflect changes in the price structure. A specific duty, on the other hand, can become unreasonably high or ridiculously low, as the price for the item goes down or up. In an era of inflation, specific duties relative to price tend to become progressively lower and lower.

I wish to emphasize strongly that action within the authority granted the President by my amendment will be permissive only, not mandatory.

Under the circumstances, I believe that this amendment should be noncontroversial; and I urge my colleagues to vote in favor of adoption of the amendment.

Mr. BUSH. Mr. President, I ask that my colleague yield 5 minutes to me.

Mr. PURTELL. Mr. President, I am glad to yield 5 minutes to my colleague.

The PRESIDING OFFICER. The senior Senator from Connecticut [Mr. BUSH] is recognized for 5 minutes.

Mr. BUSH. Mr. President, I join my colleague in urging the adoption of the amendment.

In this case, also, I believe the amendment reflects the eagerness of my distinguished colleague from Connecticut to

assist in meeting some of the difficulties which some of our industries encounter in connection with the escape-clause and peril-point proceedings. It seems to me that the amendment is eminently sound and that there are many cases in which it would be justified. I join with my colleague in urging that the chairman of the committee take the amendment to conference.

Mr. KNOWLAND. Mr. President, I hope the distinguished chairman of the Finance Committee will see fit to take the amendment of the Senator from Connecticut to conference. As I understand the amendment, it is permissive, and not mandatory, in character. I think there is a great deal of equity in the amendment.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. JOHNSON of Texas. The senior Senator from Connecticut [Mr. BUSH] has been talking about the amendment of the junior Senator from Connecticut [Mr. PURTELL], as has the Senator from California [Mr. KNOWLAND]. I concur in the statement made by the minority leader. I hope the chairman of the committee will agree to take the amendment to conference, and discuss it with Members of the other body, and see if something can be worked out along the lines proposed.

Mr. BYRD. Mr. President, the amendment is not mandatory in nature. I am willing to take it to conference.

Mr. JOHNSON of Texas. Mr. President, I yield back my time on the amendment on the condition that the Senator from Connecticut does likewise.

Mr. PURTELL. I do likewise.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Connecticut [Mr. PURTELL].

The amendment was agreed to.

Mr. ERVIN. Mr. President, I call up my amendment, identified as 7-16-58-G, to amend the bill on page 9, after line 2, by inserting the following:

(c) Such subsection (b) is further amended by adding at the end thereof the following:

"Each investigation of the Commission shall, without excluding other factors, ascertain the average invoice price, converted into currency of the United States in accordance with the provisions of section 522 of the Tariff Act of 1930, as amended, at which the foreign article is sold for export to the United States on a country of origin basis, and the price of like or directly competitive domestic articles when sold at wholesale in the markets of the United States during the last calendar year preceding such investigation. The Commission shall also estimate the increased volume of imports which, under normal conditions of trade, will result from the granting of the maximum deductions in rates of duty and maximum concessions in other import restrictions permitted under section 350 of the Tariff Act of 1930, as amended, during each of the 3 years following the effective date of any proposed trade agreement and shall also estimate the maximum increase in imports which may occur without causing injury to the domestic industry producing like or directly competitive articles. The Commission shall request the executive departments and agencies for information in their possession con-

cerning prices, and other economic data from the principal supplier foreign country of each such article."

Mr. President, I wish to modify my amendment, and I ask unanimous consent that my proposed amendment, as modified, be printed in the RECORD at this point.

There being no objection, Mr. ERVIN's amendment, as modified, was ordered to be printed in the RECORD, as follows:

On page 9, after line 2, insert the following:

(c) Such subsection (b) is further amended by adding at the end thereof the following:

"Each investigation of the Commission shall, without excluding other factors, ascertain the average invoice price, converted into currency of the United States in accordance with the provisions of section 522 of the Tariff Act of 1930, as amended, at which the foreign article is sold for export to the United States on a country-of-origin basis, and the price of like or directly competitive domestic articles when sold at wholesale in the markets of the United States during the last calendar year preceding such investigation. The Commission shall also estimate the maximum increase in annual imports which may occur without causing injury to the domestic industry producing like or directly competitive articles. The Commission shall request the executive departments and agencies for information in their possession concerning prices and other economic data from the principal supplier foreign country of each such article."

Mr. ERVIN. Mr. President, I yield myself 3 minutes.

This is a very simple amendment. It is designed to minimize the number of escape-clause proceedings. It provides that in conducting peril point proceedings, the Tariff Commission shall ascertain from the invoice the export price in a foreign country of an article scheduled for exportation to the United States, and shall also ascertain the wholesale price at the end of the preceding calendar year on the domestic market in the United States of an article produced by American producers.

The amendment also provides that in conducting peril-point proceedings the Tariff Commission shall estimate the annual amount of imports which can be made with respect to such articles without injury to the domestic producers.

The amendment also provides that the Tariff Commission may obtain from the executive agencies and departments any information they have bearing on these matters.

Mr. President, the amendment does not impose any mandatory duty upon the Tariff Commission. It merely provides that the Commission shall ascertain these factors along with any others the Commission considers to be relevant, and that it shall take such action as it then deems proper.

In other words, it is merely an effort to try to make certain that the Tariff Commission will make an investigation in peril point proceedings and ascertain matters which will render it unnecessary in most cases to have escape-clause proceedings later.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. ERVIN. I yield.

Mr. JOHNSON of Texas. Am I correct in the assumption that this amendment does not impose any mandatory duty upon the Commission, but merely directs the Commission to ascertain certain facts and to consider those facts in rendering its judgment?

Mr. ERVIN. That is true, and to give such facts whatever weight the Commission thinks they are entitled to. The Commission is not bound to give the facts any particular weight, and is not bound even to consider them.

Mr. JOHNSON of Texas. The amendment suggests or requests or directs the Commission to ascertain from the executive department or agencies of government all the information in their possession concerning prices and other economic data from the principal supplier foreign countries of the various articles.

Mr. ERVIN. That is what the amendment does. It does not make it obligatory for the Commission to give any particular weight to such matters, but allows the Commission to exercise its own discretion.

Mr. JOHNSON of Texas. I would not want to take the position that the Tariff Commission should not have all the information available. Therefore, I hope the chairman will accept the amendment and take it to conference, because I think it would be a constructive thing to do. In the event the other body has any objection, the matter could be ironed out in conference.

Mr. SPARKMAN. Mr. President, will the Senator from North Carolina yield?

Mr. ERVIN. I yield to the Senator from Alabama.

Mr. SPARKMAN. I commend the Senator from North Carolina for offering the amendment. As the distinguished majority leader has so well stated, it certainly ought not to be any burden to the Tariff Commission to have before it all the available information relating to any schedule which it has to consider. It seems to me it is a very fine, fair proposition. I shall support the amendment of the Senator from North Carolina.

Mr. ERVIN. I thank the Senator from Alabama.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. ERVIN. I yield.

Mr. KNOWLAND. I am glad to concur in the statement of and join with the majority leader in urging the chairman of the Finance Committee, if agreeable to him, to take the amendment to conference for study, together with statements made in connection with it, namely, that the amendment is not mandatory and is proposed merely for the purpose of having the Tariff Commission ascertain additional facts which will be helpful to it in doing equity.

Mr. ERVIN. Mr. President, I yield the floor.

Mr. BYRD. Mr. President, as chairman of the Finance Committee, I shall be glad to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina [Mr. ERVIN].

The amendment was agreed to.

Mr. BYRD. Mr. President, I send to the desk a technical amendment, and ask to have it stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 23, lines 7 and 8, it is proposed to strike out "Office of Defense Mobilization" and to insert in lieu thereof "Office of Defense and Civilian Mobilization."

Mr. BYRD. Mr. President, this is purely a technical amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Virginia [Mr. BYRD].

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, I call up my amendment identified as "6-16-58-F," which I offer for myself and other Senators.

The PRESIDING OFFICER. Does the Senator wish to have the amendment stated?

Mr. HUMPHREY. Yes.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. —. For the purpose of sections 6 and 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C. 1363, 1364), the Tariff Commission shall include in its investigations the possibilities for alternative employment for the production facilities and workers involved and shall report fully to the President the nature and extent of adjustment difficulties that have been occasioned by any concession made pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C. 1351). If the President refrains from increasing the protection afforded producers pursuant to an escape clause recommendation, he shall, to such extent as may be desirable and practicable, make full use of all available procedures heretofore or hereafter authorized by law, to avoid or ameliorate the economic hardships which particular communities, industries, enterprises, and individuals may suffer in the adjustment of their productive activities to the economic conditions created by our national trade policy, particularly by the lowering of trade barriers pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C. 1351). If the President considers existing executive authority to be inadequate for this purpose, he is requested to submit to the Congress proposals for supplementary legislation.

Mr. HUMPHREY. Mr. President, the amendment is self-explanatory. It does not establish any new board; it does not provide for new small business legislation; it does not affect old age insurance, unemployment compensation or the Internal Revenue Code. The amendment would merely direct the Tariff Commission to include in its investigations pursuant to escape clause action the possibilities for alternative employment for the production facilities and workers involved, if such needs to be done. The Tariff Commission shall report such information to the President. If the President decides against escape clause action, he is directed to use all available resources to assist the firms, workers and communities to adjust to the new conditions facing them.

I have discussed the amendment with the distinguished chairman of the committee, the Senator from Virginia [Mr.

BYRD] and with the distinguished ranking minority member of the committee, the Senator from Pennsylvania [Mr. MARTIN]. I feel that the amendment has genuine merit, in that it will take into consideration the effect of the national trade policy upon particular industries and localities. The amendment does not go so far as I should like to have it go, for example, in terms of the Kennedy bill, which it was my privilege to cosponsor. During the absence of the Senator from Massachusetts [Mr. KENNEDY] from the Senate a couple of years ago I placed a bill on the subject before the Senate. The Senator from Massachusetts has talked with me about our overall broad amendment, and we have agreed it would be better to submit what we call the short amendment, which simply lays down basic policy on the part of the Congress, rather than developing a detailed trade adjustment program.

I hope the chairman of the committee will accept the amendment.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. JOHNSON of Texas. Mr. President, the distinguished Senator from Minnesota has discussed the amendment with me. I am hopeful the chairman of the committee will be able to accept the amendment and take it to conference. I think that procedure would be agreeable to the minority leader, if it is agreeable to the chairman of the committee.

Mr. BYRD. Mr. President, as chairman, I am willing to take the amendment to conference.

Mr. KNOWLAND. Mr. President, the amendment was discussed with me by the distinguished Senator from Minnesota and by the distinguished majority leader. I discussed it with the chairman of the committee, and I understand he is willing to take the amendment to conference.

Mr. HUMPHREY. Mr. President, if the amendment is studied in detail, as it was studied by the Randall Commission and the sponsors of the amendment, I am sure Senators will find it to be meritorious. I am pleased the chairman of the committee accepts the amendment. I am grateful for the assistance of the majority leader and the minority leader.

Mr. JOHNSON of Texas. Mr. President, I yield back to remainder of my time, on the condition that the Senator from Minnesota does likewise.

Mr. HUMPHREY. Mr. President, I yield back the time remaining to me.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY] for himself and other Senators.

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

A PRACTICAL APPROACH

If the Senate should decide it is not ready to embark on a full-fledged trade adjustment

program at this time, I propose another approach. On June 12, 1958, I submitted a more general trade adjustment amendment, on behalf of myself, and the distinguished Senators CLARK, NEUBERGER, MCNAMARA, and DOUGLAS. It is this amendment I now urge the Senate to adopt.

Here is an amendment we need have no hesitation in adopting this year. It sets up no new board. It amends no small-business legislation. It does not affect old-age insurance or unemployment compensation. It does not amend the Internal Revenue Code. Yet I believe it would be a most significant step in enacting a sound trade policy.

This amendment directs the Tariff Commission, in its investigations of conditions in an industry pursuant to an escape-clause action, to explore the possibilities for alternative employment of the production facilities and workers involved. Then the Tariff Commission reports this information to the President. If the President should decide against escape-clause action, he is directed to use all available resources of the Government to assist the affected firms, workers, and communities to adjust to the new conditions that are facing them.

We have right now many agencies of Government that could be made available for trade-afflicted areas if a concerted effort were made by the administration to do so. Our present Employment Service, Small Business Administration, technical advisory services of the Departments of Commerce and Interior, and the contract placement authority of the Office of Defense Mobilization and the Department of Defense could be brought to bear on the problem of industries and individuals forced to change their operations because of trade competition.

I think that adoption of such a measure as this more general amendment is a wise and necessary step. It would be a firm declaration of intent by the Congress that it is the policy of the United States—where its foreign policy and other national interest requirements impose a hardship on any particular group within this country—that the Government has an obligation and a desire to ameliorate the effects.

The readjustment assistance idea recognizes the great source of magic in American enterprise—our ability to meet changing conditions and adapt our productive and individual capacities, to regain strength and grow with new vigor. We see this adaptability in action every day, in the constant changes our industries make in meeting competition or accepting the changes of new products or technological improvements.

One of the great faults of high tariffs is that they encourage a noncompetitive product to remain noncompetitive. They encourage a sluggish industry to remain sluggish by putting a premium on a tariff-protected product that is not competitive. Trade adjustment would help such an industry improve its methods or to change over to a more competitive line of production. If we really believe in free enterprise, we should welcome the beneficial effects of competition.

Here is a way out of an ancient dilemma, especially for Members of Congress. Those who want to lower tariffs should support trade adjustment, for they do not want any domestic industry injured. At the same time, those who are legitimately concerned about some particular industry or community should find in the trade adjustment program a way to assist individual enterprise and workers while promoting the overall national interest by increasingly freer world trade.

As the Reciprocal Trade Agreements Act comes up for this most crucial test in the Senate we must defeat the efforts being made to weaken and even destroy it. Everyone should be aware of our true national interest. The easy argument against foreign imports has prevailed too long. If it results

in further weakening of our trade policy, we may all suffer gravely in the future. The Communists will make further inroads into the free world as their trade offensive succeeds beyond their greatest hopes. Our alliances will break up on the shoals of trade antagonisms. Our own economy will decline and American workers will be out of work as other nations can no longer buy our products.

None of these things needs to happen, for the alternative is not injury to American industry and labor. Trade adjustment provides the means whereby the Reciprocal Trade Agreements Act can be strengthened, not weakened. Only a strong trade policy will keep together a strong free world and promote a continually rising standard of living for us all.

Mr. JAVITS. Mr. President, on behalf of myself, the Senator from New Jersey [Mr. CASE], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Massachusetts [Mr. KENNEDY], I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 31, line 19, it is proposed to strike out "and."

On page 31, line 21, it is proposed strike out the period and insert "; and."

One page 31, after line 21, it is proposed to insert the following:

(I) the extent of existing authority for trade adjustment assistance for industries adversely affected by foreign trade policies and the need for additional legislation.

Mr. JAVITS. Mr. President, I have discussed the amendment with the distinguished chairman of the committee and the Senator from Vermont [Mr. FLANDERS]. The amendment fits in directly with the amendment just agreed to, offered by the Senator from Minnesota [Mr. HUMPHREY] for himself and other Senators.

The amendment of the Senator from Minnesota related to the work of the Tariff Commission with respect to the adjustments necessary for small business, when the Tariff Commission decides or does not decide to grant relief. This amendment would put into the work of the new Commission which is provided for by the so-called Flanders amendment—a Commission which is to study the pros and cons of the reciprocal trade policy generally—the question of the adjustment assistance for small business which may be injured by imports.

I hope very much the chairman of the committee, with whom I have discussed the matter, and who also understands the views of the distinguished Senator from Vermont, will see fit to take the amendment to conference, since it is designed to carry out the fundamental purposes which are set forth in the Humphrey amendment.

Mr. BYRD. Mr. President, the amendment offered by the Senator from New York is an amendment to the Flanders amendment, providing for a study of the whole situation regarding tariffs. The Senator from Vermont [Mr. FLANDERS] has authorized me to say he would be glad to accept the amendment. Therefore, as chairman I am willing to take the amendment to conference.

Mr. JAVITS. Mr. President, I present the amendment on behalf of myself, the

Senator from New Jersey [Mr. CASE], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Massachusetts [Mr. KENNEDY].

Mr. President, I yield back the time remaining to me.

Mr. JOHNSON of Texas. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS], for himself and other Senators.

The amendment was agreed to.

Mr. GOLDWATER obtained the floor.

Mr. PAYNE. Mr. President, will the Senator yield so that I may make an insertion in the RECORD?

Mr. GOLDWATER. I yield.

Mr. PAYNE. Mr. President, I ask unanimous consent to have a statement I have prepared on one provision of the bill printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR PAYNE ON COMPREHENSIVE STUDY OF UNITED STATES TRADE

It is not my intention to enter into a comprehensive or prolonged analysis of the bill which is now before this Chamber. The importance of the Reciprocal Trade Agreements Act and the significance of the various provisions of the bill have already been discussed at great length by many of my distinguished colleagues, and I do not want to take the time of the Senate to repeat things which have already been said.

There is one provision of the bill now before us, however, which in my estimation calls for a few additional comments. The provision to which I refer is the one which would establish a 9-member bipartisan Commission to be composed of 3 members appointed by the President—none of whom may be members of the executive branch—3 members from the Senate Committee on Finance, and 3 from the House Committee on Ways and Means. The function of this Commission would be to investigate and report on the international trade agreements policy of the United States and to recommend improvements in policies, measures, and practices. The Commission would be required to file an interim report on or before June 30, 1959, and a final report not later than June 30, 1960.

In many ways this is one of the most significant provisions of the bill now before us. People on both sides of the foreign-trade question will agree that since its inception in the 1930's the administration of this program has not always resulted in wise and reasonable policies, and that in many cases the concessions which have been made to foreign competitors have proved to be too extreme and consequently injurious to certain domestic industries. A study of these policies, therefore, has long been overdue.

It is my firm belief that if some of these policies had been modified and made more reasonable over the years that the opposition which the foreign-trade program is now encountering would not have developed to such an extent. Unwise policies have often made this program anything but reciprocal, and a study which could recommend modification of these policies is greatly needed.

The idea of such a study is not at all a new one. On March 8, 1955, I introduced an amendment to the foreign-trade bill of that year which would have provided for a Commission very similar to the Commission provided for in the bill we are now considering. Unfortunately, my amendment was never adopted. If it had, I believe that many of the serious problems which still plague the

foreign-trade program might have been solved, many American industries which have continued to bear the brunt of our concessions might have found some relief, the growth of opposition to the program might have been arrested, and the program itself might have indeed been made more reciprocal. As a result of the rejection of my amendment several precious years have been lost.

I am indeed happy, however, that the Senate Committee on Finance has seen its way to adopting such an idea this year. It is my profound hope that this provision will remain in the bill and that a Commission such as I envisioned 3 years ago will be established to begin to study the problems of our foreign-trade program, problems which have been left unsolved far too long much to the detriment of many domestic industries, thousands of American workers, and the success of the program itself.

Mr. GOLDWATER. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 1, line 9, it is proposed to change the period to a comma and to insert the words, "except that it may be terminated earlier by concurrent resolution of the two Houses of Congress."

Mr. GOLDWATER. Mr. President, I yield myself 6 minutes. I hope the distinguished chairman of the committee will listen to my remarks. It may be, with his good heart, he will be able to accept the amendment. I hope he will. I hope the Senator will also give me the courtesy of listening to the explanation of the proposal.

Mr. President, both proponents and opponents of reciprocal trade agreements concede that only the Congress can authorize the program before us. The Constitution clearly sets forth in article I, section 8, that "the Congress shall have the power to levy and collect taxes, duties, imposts, and excises." In effect this legislation is a delegation of powers given the Congress by the Constitution to the executive branch. The Finance Committee limited the authorization to a period of 3 years. Furthermore, it amended the measure which was adopted in the other body so that any authority to reduce tariff rates may not be carried over beyond June 30, 1961. The measure which passed the House would have made it possible to reduce tariffs over a 10 year period. Mr. President, I commend the Finance Committee for its amendments. However, any measure adopted by the Senate must go to conference, and we have no assurance that our amendments will prevail. Should the House version be adopted, this Congress will have effectively tied the hands of the 86th and 87th Congresses. Those Congresses could take no affirmative action to regain their constitutional powers, which it is proposed we transfer to the executive branch, unless a two-thirds vote could be mustered in both houses. This places a great responsibility upon all of us.

My amendment provides that the authority granted in the bill may be terminated at any time by a concurrent resolution of the two Houses of the Congress.

There has been considerable discussion concerning the amendments introduced to perfect the escape clause. Based on a close observation of the operation of this program over many years, I feel that my amendment would afford some real control over arbitrary actions of the executive. Whenever it is time to renew the authorization, the administration makes sure that no important segment of American industry is being hurt. I propose that we establish the fact that the power to negotiate trade agreements which reduce tariffs is one which we are temporarily delegating to the administration. I know that under my amendment the President will avoid using the powers he has been granted to set aside the findings of the Tariff Commission unless a really good case can be made to the Congress. The escape clause provides a piecemeal check on the executive. I am confident that the President will use his authority with great caution if all of the powers granted by this legislation can be taken away whenever the Congress feels that they are not being exercised in the best interests of our entire economy.

There is a precedent for the adoption of this amendment. It is found in House Joint Resolution 117, 85th Congress, 1st session, which was adopted on January 30, 1957. This is the Mideast resolution which was requested by President Eisenhower during the opening weeks of this Congress. When this resolution was debated in the other body, the distinguished chairman of the Committee on Foreign Affairs, Representative GORDON, of Illinois, said:

Our committee also provided that the resolution could be terminated by a concurrent resolution of the Congress. This follows a practice used in previous legislation. Some consideration was given to including a specific date for the expiration of the authority in the resolution. But the Secretary told us that to work out this situation—in the Middle East—may take an appreciable amount of time. If Congress feels that there is any abuse of authority, it can always terminate that authority by its own action.

Mr. President, in view of the serious situation in the Mideast, I doubt that any Member believes that the powers conferred upon the President under the trade agreements program are any more important or sacred to the executive than the powers which we granted with the passage of House Joint Resolution 117 last year.

There is yet another reason why I am submitting this amendment. The Senate Finance Committee proposes the establishment of a nine-member bipartisan commission to investigate and report on the international trade agreements policy of the United States and to recommend improvements in policies and practices. A final report is to be filed not later than June 30, 1960 and an interim report is to be filed on or before June 30, 1959. Unless the Congress retains control over the powers we are delegating to the executive, there will be no use in establishing this Commission.

It is my purpose to permit Congress in its collective judgment to terminate this

program whenever a better one can be devised. My amendment will make it possible for the Congress to give careful consideration to the recommendations of the Commission and adopt whatever legislation may seem appropriate without the necessity of first securing a two-thirds majority in both Houses to set aside the existing trade-agreements program.

The President may proceed under this amendment with the knowledge that a majority of the Congress at any time may retrieve the powers they have given him.

None of us know whether the legislation which will emerge from the conference committee will include the 3-year extension provided in the bill reported by the Finance Committee, a 5-year extension as adopted by the House, or a compromise between them. The adoption of this amendment will strengthen the position of the Senate in its negotiations. The inclusion of my amendment will make a specific date less important, as a majority of the Congress may exercise its powers at any time in a legislative area which has been reserved to it by the Constitution.

I ask the distinguished chairman of the committee if he has changed his mind since our previous discussion.

Mr. BYRD. Mr. President, as I understand, the effect of the Senator's amendment is to permit the Congress to terminate the reciprocal trade program without giving the President an opportunity to veto the bill. Is that correct?

Mr. GOLDWATER. That is correct.

Mr. BYRD. I shall have to oppose the amendment. Under the Reciprocal Trade policy the President has the responsibility of making trade agreements.

Mr. GOLDWATER. I remind the distinguished chairman that there is a precedent in the joint resolution to which I have just referred, House Joint Resolution 117, referring to the Middle East. The same power still rests with the Congress that I suggest rest with us in this case, particularly in view of the fact that a study committee is being appointed, whose findings will not be ready in time for this Congress or the two Congresses which follow, to do anything about it.

Mr. BYRD. I shall have to oppose the amendment, as chairman of the committee.

Mr. GOLDWATER. In closing, I remind my good friend from Virginia that last week, when the Senate was asked to make the reciprocal trade program a permanent fixture after nearly a quarter of century experience under it, the Senate, by a vote of 84 to 4, I believe, indicated that it did not think enough of the program to make it permanent.

I am offering this amendment particularly in the light of that fact, with the thought that the Senate, at some time in the near future, might wish to take another look at the program, and not be bound by a 3- or 4- or 5-year program.

The PRESIDING OFFICER. Does the Senator from Arizona yield back the remainder of his time?

Mr. GOLDWATER. I yield back the remainder of my time.

Mr. JOHNSON of Texas. I likewise yield back the remainder of my time, and ask for a vote.

The PRESIDING OFFICER. All time has been exhausted or yielded back.

The question is on agreeing to the amendment offered by the Senator from Arizona [Mr. GOLDWATER].

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. CARROLL. Mr. President—

Mr. JOHNSON of Texas. Mr. President, how much time does the Senator from Colorado desire?

Mr. CARROLL. Not more than 5 minutes.

Mr. JOHNSON of Texas. I yield 5 minutes to the Senator from Colorado.

Mr. CARROLL. Mr. President, expanded world trade is in the best interest of the people of Colorado, the people of the United States, the people of the world.

A sound and effective United States tariff and trade policy is vital to the economic health of my State of Colorado. It is vital to this nation.

But it is even more vital to the economic welfare of the free world.

Trade is the keystone of worldwide peace.

Now trade has become a broad, new battleground, in the struggle between the world's free and dominated societies.

Only last year Nikita Khrushchev said:

We declare war upon you—excuse me for using such an expression—in the peaceful field of trade. We declare a war we will win over the United States. The threat to the United States is not the ICBM, but in the field of peaceful production. We are relentless in this and it will prove the superiority of our system.

This threatened trade war is on.

This is a relentless contest for world markets.

This is battle for international economic influence.

Expanded world trade at this moment is necessary in order to stimulate economic growth and stability in free world nations.

Expanded world trade helps develop higher living standards in the underdeveloped and new nations of the free world.

A high living standard is one of the most effective means of repelling Soviet attempts at domination.

High living standards in the free nations are developed in two ways—by importing or “buying” products they need and exporting or “selling” products they make.

Foreign trade is a two-way street.

It is give and take.

The United States cannot enjoy \$21 billion of annual exports without prudently adjusting trade barriers—in consideration for compensating reduction

of barriers in other countries—to permit friendly trade partners to sell their products in this country.

By exporting their goods to us the nations of the free world earn enough to buy the goods we want to sell them.

There is a guiding principle in international economy—unless every nation, including the United States, is prepared to purchase the products of other nations, it cannot sell in their markets.

Over the long run, our imports should balance against our exports.

NEW FREE NATIONS NEED TRADE

Since World War II, 18 new nations have been created. Most of them are in the strategic Asian-African continents.

These nations desperately need effective and long-continuing trade agreements in order to keep their economies free and expanding.

If they cannot trade effectively with the United States and the major free powers they will be lured or forced into the Communist trade bloc and eventually into the Communist political bloc.

Because of this frightening danger the world trade problem is essentially a political problem.

Trade is the lifeblood of most of the strategic, small, free countries.

They cannot remain politically free in depressed economic conditions brought about by shortsighted United States trade restrictions and a narrow United States policy of economic semi-isolation.

The Communists are ready, eager, and able to overturn the political systems of economically emaciated countries.

This is a vital reason to keep our tariff and trade policies liberal and non-restrictive.

It is the height of folly to pour billions of dollars into building up our military posture against the Soviet Union, while at the same time allowing the Soviet Union to open up new trade avenues and steal our markets in free world countries. The direct result of such folly would be the enhancement of Soviet economic and political influence with our present trading partners.

But another equally frightening effect of a restrictive United States trade policy is what it would do to our own national economy.

By restricting foreign trade we would not only compel our free world partners into the unhappy choice of trading with the Communists; we would stifle United States economy.

The United States is the most important trading Nation in the world.

The United States imports more and exports more than any nation in the world.

Foreign trade is one of our largest industries.

The value of United States goods marketed abroad in 1956 was greater than that of all nonfarm home building, all of consumer purchases of automobiles, or all of farmers' gross receipts from their crops or livestock.

The value of our exports about equalled our entire output of minerals and was not far below the retail value of all clothing and shoes purchased by American consumers.

Some United States industries depend very importantly on foreign trade for their markets.

For example, exports accounted for 19 percent of total production of trucks, 30 percent for tracklaying tractors, 11 percent for machine tools, 26 percent for construction and mining equipment, 14 percent for coal and between 25 and 40 percent for cotton, wheat, rice, fats, and oils and tobacco.

Moreover, these ratios understate the true importance of export markets, since they cover only exports of each industry's products in the form in which they leave that industry. Actually, an industry's output may be exported in a modified form after further processing by other industries. This is particularly true of such industries as iron and steel or nonferrous metals.

Such industries have a stake in export markets much larger than direct exports of their own products.

In all of the following industries, ex-

ports play a very large part either directly or indirectly in the total industry picture: Agriculture, mining, construction, metal working, and other nonelectrical machinery; motors and generators; trucks and other transportation equipment; iron and steel; nonferrous metals; chemicals; petroleum and coal products; rubber products; and, of course, maritime.

COLORADO IS CRITICALLY AFFECTED BY FOREIGN TRADE

My own State of Colorado would be critically affected by unreasonably restrictive barriers to foreign trade.

Colorado's economy depends substantially on foreign trade, both exports and imports.

Colorado's direct benefit from exports last year was over \$75 million.

Colorado manufacturing establishments accounted for almost \$53 million in direct exports into world trade. Colorado agriculture benefited by over \$22

million in the export to foreign countries of wheat and other commodities.

One out of every ten persons employed in nonfarm work in Colorado is directly affected by our foreign-trade policy. These are workers in businesses engaged in producing goods in Colorado that are exported to our trading partners in the free world.

Mr. President, I ask unanimous consent to have included in the RECORD at this point a list of products traded extensively in foreign markets, together with a list of imported commodities used in Colorado manufacturing. Foreign export of these products directly or indirectly affects businesses and workers in Colorado. Some of the affected Colorado businesses are branches of national exporting concerns; some manufacture component parts of products assembled in other States for foreign export.

There being no objection, the table and list were ordered to be printed in the RECORD, as follows:

Products manufactured in Colorado influenced by foreign trade

Product	Location	Company
Meat products.....	Denver.....	Armour & Co., Cudahy Packing Co., Swift & Co.
Creamery butter.....	Pueblo, Greeley, Colorado Springs.....	Beatrice Foods Co.
Cheese.....	Fort Collins, Larkspur, Sanford.....	Frink Creamery Co.
Dehydrated vegetables and fruits.....	Greeley.....	Allen V. Smith, Inc.
Baling wire, barbed wire, relock fence, rails, hardware cloth, netting, etc.....	Denver.....	Colorado Fuel & Iron Corp.
Iron and steel foundry products.....	Denver, Pueblo.....	American Brake Shoe Co.
Ore classifying and treating equipment.....	Denver.....	Mine & Smelter Supply Co., Colorado Iron Works.
Ore dressing and flotation equipment.....	do.....	Denver Equipment Co.
Mining equipment and industrial machinery.....	do.....	Stearns-Rogers Manufacturing Co., Vulcan Iron Works.
Rotary water well drills, oil and mineral exploration drills, truck or trailer mounted.....	do.....	Winter Weiss Co.
Mine cars.....	do.....	C. S. Card Co.
Mining and construction machinery, industrial and electrical equipment.....	do.....	Morse Bros. Machinery Co.
Concrete vibrators.....	do.....	Dart Manufacturing & Sales Co.
Excavating equipment.....	do.....	Quick-Way Truck Shovel Co.
Pneumatic backfill tampers.....	do.....	Gunderson Taylor Machinery Co.
Removable rock bits.....	do.....	Timken Roller Bearing Co.
Construction and mining equipment.....	do.....	Rocky Mountain Export Co., Inc.
Land levelers.....	do.....	Eversman Manufacturing Co.
Planters, plows, and harvesters.....	Loveland.....	Harbison-Paine Co.
Pumps, conveyers.....	Denver.....	Gardner-Denver Co.
Pumps.....	do.....	Worthington Corp.
Centrifugal pumps.....	do.....	Wilfley & Sons, Inc.
Smelting furnaces.....	do.....	Mace Co.
Machine tools and metalworking machinery.....	do.....	Sundstrand Machine Tool Corp.
Filters, regulators, valves, hose fittings.....	Englewood.....	C. A. Norgren Co.
Pharmaceuticals.....	Denver.....	Abbott Laboratories, Inc., Larre Laboratory, Inc.
Hog serum.....	do.....	Colorado Serum Co.
Alkali.....	Denver, Boulder.....	Allied Chemical & Dye Corp.
Cleansers.....	Denver.....	Western Chemical Co.
Auto polish.....	do.....	Freeman & Freeman.
Cleansers and insecticides.....	do.....	West Disinfecting Co.
Insecticides.....	do.....	Western Chemical Co.
Automotive chemicals.....	do.....	Shell Chemical Corp.
Explosives.....	Loveland.....	California Spray Chemical Corp.
Metallurgical clay goods, refractories, assay, metal melting and heat treating furnaces; laboratory apparatus and chemicals.....	Denver.....	Service Supply Co.
Laboratory porcelains.....	Boulder.....	Dow Chemical Co.
Coal tar products.....	Louviers.....	E. I. du Pont de Nemours & Co.
Crude gilsonite and gilsonite insulation.....	Denver.....	The Denver Fire Clay Co.
Motor vehicle parts.....	Golden.....	Coors Porcelain Co.
Aircraft parts.....	Denver.....	Crown Tar Works.
	Fruita.....	American Gilsonite Co.
	Pueblo.....	Triplex Corporation of America.
	Colorado Springs.....	Aircraft-Mechanics, Inc.
	Boulder, Longmont.....	Beech Aircraft Corp.
	Denver.....	Glenn L. Martin Co.
	do.....	Sundstrand Aviation.
	Aurora.....	Stanley Aviation Corp.
	Denver.....	Auto Supplies Manufacturing Co.
	do.....	Colorado Tent & Awning Co.
	do.....	Ruwart Manufacturing Co.
	do.....	Shwayder Bros., Inc.
	do.....	Wm. Ainsworth & Sons, Inc.
	do.....	Helland Manufacturing Co.
	do.....	Hathaway Instrument Co.
	do.....	Pierce Products.
	do.....	Goldberg Bros.
	Denver.....	Forney Manufacturing Co.
	Fort Collins.....	Gates Rubber Co.
	Denver.....	Winner Manufacturing & Sales Co.
	Arvada.....	

Source: Compiled from data furnished by the Department of Commerce.

IMPORTED COMMODITIES USED IN COLORADO MANUFACTURING

Coffee, vanilla, chocolate, coconut palm products, nuts, spices, manganese, nickel, chromite, cobalt, natural graphite, tin, bauxite, newsprint, dyes.

Mr. CARROLL. The sum total of effect of foreign trade on Colorado is this: 1,604 Colorado businesses are directly or indirectly dependent on United States exports; 63,041 Colorado workers draw pay checks from companies directly or indirectly exporting into world trade channels products manufactured in Colorado, 96,000 Coloradans work on farms and ranches and have a direct interest in United States trading of farm products including wheat, dairy, and poultry products, fruits, and nuts. One out of every 5 acres of Colorado cropland produces for foreign trade.

IMPORTS HURT SOME INDUSTRIES

Mr. President, there are a few unattractive features of the international trade picture as it focuses on Colorado.

Some Colorado industries are injured by foreign imports.

I am thinking especially of oil, lead, zinc, tungsten, and cutlery.

These industries deserve protection from unfair competition.

I do not say that such protection must come in the form of excessively restrictive quotas or high tariffs or any action which might jeopardize the economic stability of a friendly trading nation.

But such injured domestic industries deserve our most concentrated and sympathetic attention.

In Colorado these industries employ 5,265 workers.

Such domestic industries need the kind of help we have provided for certain nonferrous metals with S. 4036 "the minerals stabilization bill" which passed the Senate on July 11, 1958.

Another practical approach to assistance for domestic industry compelled to make adjustments by the United States foreign trade policy is embodied in Senator KENNEDY's trade-adjustment program, Senate bill 2907.

The trade-adjustment program is proposed as an alternative to tariff increases as contained under the escape-clause procedure. It would give the President one additional route to follow in an escape-clause procedure.

The Tariff Commission would follow its present procedure of holding hearings to determine the extent of injury resulting from increased imports. If the President accepted the Tariff Commission's findings of injury, instead of imposing an increase in duty, he could recommend that the facilities of the trade-adjustment program be invoked. Thereupon certain types of assistance would become available for workers, firms, and communities.

Workers would have available to them supplementary unemployment compensation benefits, earlier retirement under social security, retraining for new job opportunities and transportation to new areas of employment.

Industrial firms could obtain loans, technical information or the privilege of accelerated amortization for the purpose

of development of new or different lines of production.

Communities or industrial development corporations within communities would have access to loans, technical information and market research.

This would not be a costly program. It is estimated that the total cost of the program would be a maximum of \$2 million a year and probably less than this amount.

The trade-adjustment program is supported by business and labor leaders and experts in the trade field who recognize that this type of program is essential if we are to have a continuing effective reciprocal trade agreements program. Enactment of the trade adjustment program as part of the overall reciprocal trade agreements program would provide essential justice to those affected by imports and would contribute to the broad national interest in reducing barriers to trade.

UNITED STATES TRADE POLICY AT CROSSROADS

With this proposed legislation before us the United States is at a crossroads in its tariff and trade policy.

We can choose a narrow, restrictive path leading to economic semi-isolation; or we can choose a route to expanded trade with the nations of the free world.

The restrictive trade policy will keep foreign goods from our markets, but the consequences will eventually be a withering of our export markets—for foreign trade is a two-way street. Millions of workers will face unemployment. Our free-world trading partners will be forced into the Soviet trading orbit, strengthening the economic and political power of the Communist world.

The expanded trade policy, on the other hand, promotes the best interest of our own country and advances the economic welfare and security of the free nations of the world.

An expanded trade policy will bring higher living standards to the free-world nations, strengthening them against the Soviet drive for world domination.

An expanded reciprocal trade policy directly benefits the United States in a dual manner: First, by providing us with foreign markets for our farm and factory products; second, by providing us needed foreign raw materials and manufacturers' goods for our national security and economic welfare.

I support a wise and liberal foreign trade bill, free of restrictive provisions.

I support such a measure because expanded and extensive foreign trade is vital to our economy and our security.

But more than that I support it because without expanded international trade many of our allies face extinction.

Mr. Khrushchev has declared the world battleground to be trade.

Mr. President, I propose that we meet him on that battleground with our best weapon—a farsighted, liberal, effective Reciprocal Trade Agreements Act.

During the delivery of Mr. CARROLL's speech:

Mr. JOHNSON of Texas. Mr. President, will the Senator yield to me? I ask unanimous consent that the Senator

from Colorado may yield to me for the purpose of requesting the yeas and nays on the final passage of the bill. I ask my colleagues to join me, so that it will not be necessary to call Senators from their offices.

The PRESIDING OFFICER. Without objection, the Senator from Colorado may yield for that purpose.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on final passage of the bill.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, I yield such time as the Senator from Ohio may desire.

HOW FOREIGN TRADE AFFECTS OHIO

Mr. LAUSCHE. Mr. President, I desire to address myself to the subject of how foreign trade affects my home State, Ohio. I speak neither boastfully nor apologetically, for I believe when one considers all the facts in respect to the effect of H. R. 12591, as it has been amended on the floor of this body, there is actually little difference in application and effect among most States.

Ohio, with an area of 41,000 square miles, and a population of 8,946,627—1950 census—is dependent upon foreign trade to a degree beyond the comprehension of those other than who have access to all the facts and figures available from Federal or State statistical sources. The facts and figures that I shall use in the ensuing analysis of the importance of foreign trade to Ohio's economy are official, having been furnished by the United States Department of Commerce.

Before going into the specific segments of Ohio's industry and economy enjoying prosperity as a result of foreign trade, I would like to make a general statement on the broad subject of foreign trade.

Foreign trade contributes greatly to the welfare of the people of Ohio. After the completion of the St. Lawrence seaway, the Ohio economy will play an even greater role in foreign trade, and will reap even greater benefits, since important cities on the southern shore of Lake Erie will then become seaports with direct ocean shipping.

Manufacturing is the most important single employment factor in the State of Ohio, accounting for approximately 36 percent of the State's total employment. Of the 1,267,633 persons employed in manufacturing, some 978,823 are engaged in firms falling into 8 manufacturing classifications: nonelectrical machinery; primary metal industries; fabricated metal products; electrical machinery; transportation equipment; rubber products; food and kindred products; and stone, clay, and glass products. Ohio's proportionate share of the Nation's exports of commodities produced by these 8 manufacturing groups in 1956 amounted to more than \$900 million.

In addition, there is a share in exports of factors not included in the above eight manufacturing classifications. They are manufacturers of chemicals, printing materials, textile-mill products, apparel, and other products, some of which also have direct export interests.

This is only part of the picture, since Ohio establishments in each of these in-

dustry groups sell directly to foreign markets. Moreover, many Ohio products are exported as components of products made or assembled outside of the State, so that the value of exports as an outlet for products of the State is much greater than is directly apparent.

Mr. President, according to the Department of Agriculture, approximately 295,000 persons in the State of Ohio work on farms, and their need for supporting services creates employment for thousands more. Along with other United States farmers, they have a direct interest in our exports of some \$4 billion worth of American farm products each year. Ohio farmers' proportionate share of these exports in the 1956-57 marketing year exceed \$121 million.

Approximately 1,560 persons in Ohio are in such industries as public administration, retail and wholesale trade, finance, insurance, and construction. Their participation in the benefits of exports derive mainly from the fact that the firms producing the movable goods that enter international trade are among the patrons to whom they sell their products or services. In addition, they derive an extra benefit to the extent that they handle international economic transactions which pass through Ohio, such as telephone traffic, transportation, financing, and so forth.

The people of Ohio also benefit substantially from United States imports including flavorings, extracts, selected food products, other raw materials, and finished and semifinished products, all of which enable the residents to enjoy better living than might otherwise be possible.

THE STATE OF OHIO AND FOREIGN COMMERCE

Without the Nation's exports, many manufacturing plants in Ohio, as well as throughout the Nation, would be forced to close down. In 1956, of the \$202 billion worth of movable products manufactured and sold in the United States, \$19 billion worth was sold abroad. One dollar's worth was sent abroad for about every \$10 worth of movable goods produced and sold in this country.

Of the 3,059,605 persons employed in Ohio—1950 census—manufacturing is by far the most significant, accounting for 36.6 percent, or over one-third of the State's employment.

The wholesale and retail trades constituted the next most significant group in terms of numbers employed, with 18.2 percent, followed by transportation, communication, and other public utilities, and professional and related services, which accounted for 7.8 percent and 7.7 percent, respectively, of total employment.

Agriculture, which accounted for 6.9 percent of the number employed, is also of importance as a producer of movable goods.

International trade consists, in the first instance, of the exchange of movable goods between countries. In general, movable goods are the products of factories, farms, and mines.

In 1954, according to the census of manufacturers, 1,267,633 persons were

employed by 14,550 manufacturing establishments in the State of Ohio.

INDUSTRIES FAVORABLY AFFECTED BY EXPORTS

Approximately 978,823 employees in the State of Ohio, or about 30 percent of the total number of persons employed in the State, are employed by firms within the 8 major manufacturing classifications which I have treated individually as follows:

Machinery—except electrical: There are, in Ohio, 2,471 establishments employing approximately 214,221 persons. Ohio's proportionate share of the Nation's total exports in this category is \$360.8 million annually, and Ohio's proportionate man-years of employment resulting from those exports is 29,225.

Included in the exports in this machinery category, and affording benefits to the State of Ohio, are roadbuilding machinery, shovels, cranes, and computing machines.

Essential imported ingredients necessary to the manufacture of items in this category include balsa, rubber, asbestos, hardwoods, and metals, and so forth.

Primary metal industries: Primary metal industries is an extremely important unit in Ohio's economy, with 650 establishments employing approximately 171,159 persons. Of the Nation's total annual export of products of primary metal industries, Ohio enjoys an annual business of \$131.3 million, representing annually 700 man-years for exports alone.

Products exported from Ohio in this category included steel-mill products, aluminum, iron and steel filings, alloys, and so forth.

The essential ingredients used in the manufacture of these products which must be imported, include chrome, beryllium, tantalum, bauxite, and so forth.

Fabricated metal products: In Ohio, there are 1,728 establishments employing approximately 123,084 persons. Ohio's proportionate share of the Nation's total exports of fabricated metal products is \$50.9 million annually. Proportionate man-years of employment resulting from these exports is 3,450 annually.

Fabricated metal products exported by Ohio industry include structural and ornamental products, boiler-shop products, agricultural tools, bolts, nuts, washers, rivets, and so forth.

Essential ingredients used in the manufacture of these products, and which must be imported, include bauxite, chrome, beryllium, tin, antimony, cobalt, and so forth.

Electrical machinery: Ohio's 365 electrical machinery manufacturing concerns employ 89,207 persons, scattered throughout the State, providing employment vital to the economy. Ohio's share of the Nation's total exports of electrical machinery is \$78.3 million annually. This represents proportionate man-years of employment resulting from these exports of 5,475.

Exported products affording benefits to the State of Ohio include electrical motors and generators, electrically controlled apparatus, carbon and graphite products, electric lamps, small electrical appliances and batteries.

Essential imported ingredients used in the manufacture of these products include graphite, platinum, mercury, and sheet and block mica.

Transportation equipment: In Ohio, there are 162,418 persons employed by 370 establishments in the manufacture of transportation equipment. Ohio's share of the Nation's total annual exports of transportation equipment is \$167 million, representing 6,910 man-years.

Manufactured items in this category include motor vehicles and parts, locomotives, and airplanes.

Essential ingredients imported include antimony, mica, sisal, jute, zirconium, and so forth.

Rubber products: Ohio, known as the leading rubber manufacturing area in the world, has 190 establishments employing over 71,902 persons in this industry. Of the total national export of rubber products, Ohio enjoys an annual business of \$58 million, representing 3,090 man-years.

Products exported nationally, and affording benefits to the State of Ohio, include tires and tubes, toy balloons, surgical gloves, and so forth.

The most essential ingredient imported and used in the manufacture of rubber products, of course, is natural rubber.

Food and kindred products: In Ohio, there are 2,109 establishments employing approximately 82,923 persons engaged in the manufacture of food and kindred products. Of the total national annual export of food products, Ohio enjoys its share of \$21.4 million.

Products exported include concentrated milk, flour and meal, biscuits and crackers, flavorings, canned fruits and vegetables.

Ingredients essential in the manufacture of food and kindred products, and which must be imported, include ginger, extracts, vanilla, chocolate, nuts, and so forth.

Stone, clay, and glass products: While the Nation's glass and ceramics industry has been beset with extremely stiff foreign competition in the products manufactured by them, one cannot overlook the fact that in this category there are, in Ohio, 887 establishments employing approximately 64,719 persons, doing an annual export business of \$27.2 million.

The proportionate man years of employment resulting from these exports is 2,170.

Items exported from these Ohio manufacturers include pressed and blown glass, flat glass, cement, and vitreous plumbing fixtures.

Agricultural commodities: The Nation's major agricultural commodities favorably affected by exports, and in which Ohio agriculture benefits greatly, include: wheat—Ohio's proportionate share of exports, \$46 million; soy beans—Ohio's proportionate share, \$30 million; corn—Ohio's proportionate share of exports, \$20 million; livestock and products—Ohio's proportionate share of exports, \$15 million; dairy products—Ohio's proportionate share of exports, \$10 million.

Other manufacturing: Printing and publishing is an important factor in Ohio's economy in terms of number of establishments. In 1954, 1,732 printing and publishing establishments in the State employed nearly 6,000 persons.

Nationally, the United States exports each year printed and published materials valued at nearly \$100 million, of which Ohio enjoys a profitable share.

There were 43,000 persons employed in Ohio's chemical products industry in 1954. The proportionate share of the Nation's exports of chemicals and products allocable to Ohio amounted to over \$95 million.

The economy of Ohio benefits by the presence of numerous firms engaged in the production of export pulp, paper, and products. That State industry employed nearly 36,000 persons in 1954, and Ohio's proportionate share in the 1956 United States exports of pulp, paper, and products amounted to over \$19 million.

Ohio's lumber and wood products industry in 1956 had a proportionate share of \$2 million of the Nation's total exports. Total employment in this industry in Ohio in 1954 was 10,000 persons.

Mr. MARTIN of Pennsylvania. Mr. President, I yield 15 minutes to the Senator from Nevada.

Mr. MALONE. Mr. President, I understood the Senator would yield me 30 minutes.

Mr. MARTIN of Pennsylvania. I shall be glad to yield more time to the Senator if he needs it.

THE CONSTITUTION VERSUS THE 1934 TRADE AGREEMENTS ACT, SO-CALLED RECIPROCAL TRADE

Mr. MALONE. Mr. President, the 1934 Trade Agreements Act violates three provisions of the Constitution.

First, it violates article I, section 8, which states that Congress shall have power to lay and collect duties and imposts, meaning tariffs, and to regulate commerce with foreign nations.

HOW CONGRESS DESERTED CONSTITUTION

Congress has not exercised this power since it enacted the 1934 Trade Agreements Act which turned the power over to the President, who, in turn transferred it to the State Department which, in 1947 turned it over to GATT, the General International Agreement on Tariffs and Trade, with headquarters in Geneva, Switzerland.

REGULATION OF FOREIGN COMMERCE TURNED OVER TO FOREIGNERS

GATT functions under a foreign secretariat. Its chairman is a citizen of India; its two vice chairmen are citizens, respectively, of Chile and Austria; the alternate vice chairman is an Austrian, the permanent secretary is a Briton, and the permanent assistant secretary is a Frenchman.

The GATT Secretariat is the ITO Secretariat which was taken over by GATT when Congress repudiated the ITO or International Trade Organization.

None of the officers of GATT listed by GATT itself are Americans.

CONTROL BY GATT VIOLATES CONSTITUTION

That is not what the Constitution intended, and it is in direct violation of what the Constitution declares in article I, section 8.

Second, the Trade Agreements Act and GATT both violate article 2, section 2 of the Constitution, which states that the President shall, with the advice and consent of the Senate, make treaties, provided two-thirds of the Senators present concur.

HOW EXECUTIVE BRANCH DESERTED CONSTITUTION

A trade agreement is a treaty. For 3,000 years all trade agreements have been treaties, and so construed by every nation in the world until the State Department began calling them trade agreements to void the constitutional mandate under article 2, section 2.

The reason the State Department sought a device of labeling trade treaties as trade agreements was that it knew the trade treaties they were making with foreign nations would never stand the test of Senate scrutiny.

If the United States Senate had the intestinal fortitude it should have, it would demand that all so-called trade agreements be submitted to it for its advice and consent as treaties, which is what they are.

HOW STATE DEPARTMENT VIOLATES CONSTITUTION

GATT, the biggest trade treaty of this century, has never even been presented to the Congress. For 500 years trade treaties have designated the nations negotiating them as contracting parties. So does GATT. Every word in GATT follows the historic, formal pattern of a treaty, yet the State Department tries to call it a trade agreement for the purpose of bypassing Congress and the Constitution—and it gets away with it.

Further, no nation whipped in war, no defeated nation, has ever submitted to a treaty as humiliating and as disastrous to its welfare and economy, as this so-called GATT agreement which the State Department and a former President were eager to put their signatures to, a GATT to be held at the Nation's head by a foreign secretariat and foreign officers.

HOW ARTICLE I, SECTION 7, OF CONSTITUTION WAS SCUTTLED

Third, the Constitution, article I, section 7, states that all bills for raising revenue shall originate in the House of Representatives, but that the Senate may propose or concur with amendments as in other bills.

The Trade Agreements Act raises revenue, which is why it is referred to the Ways and Means Committee. Through most of the Nation's history, and when we had economy in Government, our tariff acts raised a considerable portion of the Nation's revenue.

HOW AND WHY THE INCOME TAX WAS INFLICTED ON AMERICA

Cordell Hull took a leaf out of a British history book, and an income tax amendment was slipped into the Tariff Act of 1913 titled: "An act to reduce tariff duties and to provide revenue for the Government and for other purposes."

The other purposes, 52 pages down in the Tariff Act, turned out to be the income tax we pay today. Taxes on every corporation and every individual in the United States who makes \$600 a year were levied and have increased each year, while taxes paid on imports have

been lowered to an average of less than 6 percent.

The income tax was simply a device to shift the burden of taxation from the importers and waterfront brokers to the backs of every citizen in the United States, so that the foreigner would pay little or nothing for access to our markets.

From 1913 to 1934 Congress still had some voice in tariffmaking, but it was not to last.

HOW THE 1934 TRADE AGREEMENTS ACT WAS DRAFTED

In 1934, as I stated before, the State Department drafted a bill which it had been working over for more than a year.

It has drafted every bill to extend the act ever since. It drafted this year's bill and was in a tizzy for a while because it could get no high-ranking Republican on the Ways and Means Committee to introduce it. Finally it went down the list, and four places down found a Congressman who, after considerable persuasion, consented to put it in the hopper.

HOW STATE DEPARTMENT DRAFTS VIOLATE THE CONSTITUTION

The Constitution says all such legislation shall originate in the House of Representatives. No Trade Agreements Act ever has.

A majority in the House usually accepts them as written. It is the Senate that makes any substantial changes that may be made.

HOW ALGER HISS HEADED 1948 NATIONAL FREE TRADE COMMITTEE

In 1948 at the insistence of the Senate Finance Committee, a peril-point provision was inserted. Alger Hill testified before the Senate Finance Committee in opposition. Hiss was then chairman of the executive committee of the Citizens' Committee for Reciprocal World Trade, predecessor of the present Committee for a National Trade Policy.

Mr. Hiss said that any change in the State Department draft might prejudice the position of the United States in future negotiations.

The Senate Finance Committee inserted the peril point provision anyway. The next year a new Congress took it out. In 1951 it was restored, but the State Department has ignored it.

HOW THE FIRST ESCAPE CLAUSE CONTAINED A DEADLY JOKER

The so-called escape clause originated with the executive branch at a time when it was fearful that the entire Trade Agreements Act would be knocked out, and it was written in the way the Chief Executive at that time wanted it, which meant that he could close the door to the escape or the relief of a stricken industry any time he wished to do so.

The escape clause, so-called was first set forth in an Executive order, and Congress did not include it in the Trade Agreements Act until 1951. When it did include it in the Trade Agreements Act, Congress wrote it as the State Department wanted it, giving the President absolute power of decision over any determinations by the Tariff Commission.

HOW RELIEF APPROVED BY THE TARIFF COMMISSION FOR 17 STRICKEN INDUSTRIES WAS DENIED THEM BY THE PRESIDENT

In 26 cases where stricken industries have appealed for tariff relief against disastrous import competition and in which the Commission has recommended it, the President has granted relief in 9 cases and rejected relief in 17.

To leave this power in the hands of the President is not only un-American but unconstitutional.

WHAT HAPPENS WHEN CONGRESS FOLLOWS CONSTITUTIONAL PROCEDURE IN DRAFTING LEGISLATION

Mr. President, the Finance Committee this year made an attempt to write a little, a very little, of this legislation, legislation which the Constitution states is solely the prerogative of Congress.

What happened?

The White House shrieked that their draft, their version, must not be tampered with.

The members of the President's Cabinet, not one of them elected to any office, screamed that Congress must not touch their legislation. Not the legislation of Congress, but legislation emanating solely from the executive branch, which, under the Constitution, is denied any legislative authority.

The internationalist press and the one-world radio commentators, particularly those who have been indoctrinated in Britain, howl that Congress is interfering with the Executive, when the fact is, Mr. President, that the President or his Cabinet members are attempting to interfere, and are attempting to interfere unconstitutionally, with a function which the Constitution places exclusively in Congress.

WHY PATRIOTIC FOUNDERS OF REPUBLIC DRAFTED CONSTITUTION

The Constitution placed that power in Congress because that is where the statesmen of that patriotic age and the States they represented wanted it.

The primary purpose in drafting the Constitution, and the primary reason for its adoption by the States was to give Congress the power to lay and collect duties and to regulate the foreign commerce.

That was the reason that the Legislature of Virginia issued the call for the Annapolis convention of 1786. That was the reason the Annapolis convention proposed a constitutional convention.

HOW CONSTITUTION WAS BORN

If there is anyone who doubts it, I quote James Madison, a member of the Legislature of Virginia which called the Annapolis convention, Virginia delegate to Congress of the Confederation, Virginia delegate to and historian of the constitutional convention, and fourth President of the United States:

The Constitution grew out of the convention at Annapolis, in August, 1786, recommended by Virginia in the preceding winter. It has for its objects certain provisions only, relating to commerce and revenue. The deputies who met, inferring from an interchange of information as to the state of the public mind that it had made a great advance, subsequent even to the act of Virginia, toward maturity for a thorough reform of the Federal system, took the decisive step

of recommending a convention, with adequate powers for the purpose. The Legislature of Virginia, being the first that assembled, set the example of compliance, and endeavored to strengthen it by putting General Washington at the head of the delegation.

HOW AMERICAN PRESIDENTS WHO HELPED CREATE THE REPUBLIC VIEWED THE TARIFF POWER OF CONGRESS

I quote Madison again:

Every President, from General Washington to Mr. J. Q. Adams, inclusive, has recognized the power of a tariff in favor of manufactures, without indicating a doubt, or that a doubt existed anywhere.

I quote Madison again:

The Constitution vests in Congress expressly "the power to lay and collect taxes, duties, imposts, and excises," and "the power to regulate trade."

WHY THE 13 SOVEREIGN STATES VESTED THEIR TARIFF POWERS IN A FEDERAL CONGRESS

I quote Madison again:

Such a use of the power by Congress accords with the intention and expectation of the States in transferring the power over trade from themselves to the Government of the United States. This was emphatically the case in the eastern, the more manufacturing members of the confederacy. Hear the language held in the convention of Massachusetts: (to consider ratification of the Constitution).

By Mr. Dawes, an advocate for the Constitution, it was observed: "Our manufactures are another great subject which has received no support of national duties on foreign manufacturers, and they never can by any authority in the old confederation." Again: "If we wish to encourage our own manufactures, to preserve our own commerce, to raise the value of our own lands, we must give Congress the powers in question."

Mr. President, I quote James Madison again:

If Congress have not the power, it is annihilated for the Nation: a policy without example in any other nation, and not within the reason of the solitary one in our own.

HOW MADISON VIEWED REGULATION OF NATION'S TRADE BY FOREIGN POWERS

I quote James Madison again:

A nation leaving its foreign trade in all cases to regulate itself might soon find it regulated by other nations into a subservery to foreign interests.

That, Mr. President, is exactly what has happened under the 1934 Trade Agreements Act, as extended.

HOW FIRST CONGRESS SERVED NATION'S INTEREST UNLIKE EACH CONGRESS SINCE 1934

I shall offer one more quotation from James Madison, reporter of the Constitutional Convention and fourth President of the United States:

That the encouragement of manufactures was an object of the power to regulate trade is proved by the use made of the power for that object in the first session of the First Congress under the Constitution, when among the Members present were so many who had been members of the Federal Convention which framed the Constitution, and of the State conventions which ratified it; each of these classes consisting also of Members who had opposed and who had espoused the Constitution in its actual form. It does not appear from the printed proceedings of Congress on that occasion, that the power was denied by any of them.

And it may be remarked, that Members from Virginia in particular, as well of the anti-Federal as the Federal Party, the names then distinguishing those who had opposed

and those who had approved the Constitution, did not hesitate to propose duties and to suggest even prohibitions, in favor of several articles of her production. By one, a duty was proposed on mineral coal in favor of the Virginia coals—

Britain was then dumping on the Virginia port towns coal brought in her ships as ballast—

By another, a duty on hemp was proposed to encourage the growth of that article: And by a third, a prohibition even of foreign beef was suggested as a measure of sound policy.

The PRESIDING OFFICER. The time of the Senator from Nevada has expired.

Mr. MALONE. Mr. President, I ask for an additional 15 minutes.

Mr. MARTIN of Pennsylvania. Mr. President, I yield 15 minutes more to the Senator from Nevada.

WHY CONSTITUTION, IN WORDS OF PRESIDENT MONROE SAVED NATION FROM "CERTAIN RUIN"

Mr. MALONE. Mr. President, I shall now quote briefly from James Monroe, wounded veteran of the Battle of Trenton and fifth President of the United States:

If we recur to the causes which produced the adoption of this Constitution, we shall find that injuries resulting from the regulation of trade by the States respectively, and the advantages anticipated from the transfer of the power to Congress were among those which had the most weight.

Instead of acting as a nation in regard to foreign powers, the States individually had commenced a system of restraint on each other whereby the interests of foreign powers were promoted at their expense.

If one State imposed high duties on the goods or vessels of a foreign power to counteract the regulations of such power, the next adjoining States imposed lighter duties to invite those articles into their ports, that they might be transferred thence into the other States, securing the duties to themselves. This contracted policy in some of the States was soon counteracted by others. Restraints were immediately laid on such commerce by the suffering States, and thus had grown up a state of affairs disorderly and unnatural, the tendency of which was to destroy the Union itself and with it all hope of realizing those blessings which we had anticipated from the glorious revolution which had been so recently achieved. From this deplorable dilemma, or, rather, certain ruin, we were happily rescued by the adoption of the Constitution.

HOW CONSTITUTIONAL POWERS THAT SAVED NATION FROM CERTAIN RUIN HAVE BEEN DESTROYED

Mr. President, James Monroe said that the Constitution and the powers it vested in Congress to regulate the foreign commerce and to impose uniform duties on imports, save the Nation from "certain ruin."

The Constitution and those provisions which saved the Nation from "certain ruin" have been destroyed. They have been destroyed by the 1934 Trade Agreements Act, as extended.

If the powers of Congress which saved the Nation from certain ruin are denied to Congress many more years, as is proposed in this extension of the Trade Agreements Act, the certain ruin that James Monroe spoke of will be inevitable.

HOW PRESIDENT ROOSEVELT AND SUBSERVIENT CONGRESS FLOUTED CONSTITUTION

Mr. President, no President until Franklin Delano Roosevelt ever challenged the power of Congress to lay duties, meaning tariffs; and no President until Franklin Delano Roosevelt wished to thwart the Congress in the exercise of its constitutional powers.

No Secretary of State until Cordell Hull ever sought to thwart the constitutional powers of Congress to lay and collect duties.

HOW PRESIDENTS FOR 145 YEARS PRESERVE CONSTITUTION AND POWERS OF CONGRESS

Throughout our early and until our recent history the Presidents of the United States fought to preserve the powers of Congress to regulate our entire economy whenever the free trade emissaries sent over by Britain—and there were a number of them then, as now—sought to destroy Congress' power over tariffs.

The Secretaries of State and Jefferson, Madison, Monroe, John Quincy Adams, and Martin Van Buren served as Secretary of State before becoming President, upheld Congress in the exercise of its constitutional functions. They did not try to inveigle Congress into turning those functions over to themselves, as did Cordell Hull or Dean Acheson, or as John Foster Dulles is trying to get Congress to do today.

HOW EARLY PRESIDENTS AND STATESMEN VIEWED FOREIGN IMPORT COMPETITION AND AMERICAN PROTECTION

No early Congress would have abdicated its powers if our early Presidents or early Secretaries of State had sought them. In 145 years of American history, Mr. President, no Congress prior to the Congress of 1933 and 1934, which has gone down in history as a rubber stamp Congress, would have abdicated its powers.

GEORGE WASHINGTON

George Washington said:

Ought our country to remain dependent on foreign supply; precarious because liable to be interrupted? If the necessary article should in this mode cost more in time of peace, will not the security and independence thence form ample compensation.

ALEXANDER HAMILTON

Alexander Hamilton, a Republican said:

There can be no truer principle than this—that every individual of the community at large has an equal right to the protection of government.

THOMAS JEFFERSON

Thomas Jefferson, a Democrat, asked: Shall we suppress the impost and give that advantage to foreign nations?

Thomas Jefferson also said:

The suspension of our foreign commerce, produced by the injustice of the belligerent powers, and the consequent losses and sacrifices of our citizens are subjects of just concern. The situation into which we have thus been forced had impelled me to apply a portion of our industry and capital to internal manufactures and improvements.

The extent of this conversion is daily increasing, and little doubt remains that the establishments formed and forming will, under the auspices of cheaper materials and subsistence, the freedom of labor from taxa-

tion, and of protecting duties and prohibitions, become permanent.

JAMES MADISON

James Madison said:

Every President, from General Washington to Mr. J. Q. Adams, has recognized the power of a tariff in favor of manufactures.

James Madison also said:

The power granted to Congress to encourage domestic products by regulations of foreign trade was properly granted, inasmuch as the power is, in effect, confined to that body, and may, when exercised with a sound legislative discretion, provide the better for the safety and prosperity of the Nation.

JOHN C. CALHOUN

John C. Calhoun, a Democrat, said:

When our manufacturers are grown to a certain perfection, as they soon will be, under the fostering care of Government, the farmer will find a ready market for his surplus produce, and—what is of equal consequence—a certain and cheap supply of his wants; his prosperity will diffuse itself to every class of the community.

James Monroe said:

Our manufactures will require the continued attention of Congress. The capital employed in them is considerable, and the knowledge acquired in the machinery and fabric of all the most useful manufactures is of great value, their preservation, which depends on due encouragement, is connected with the high interests of the Nation.

James Monroe said in his annual message of December 2, 1823, in which he enunciated the Monroe Doctrine:

I recommend a review of the tariff for the purpose of affording such additional protection to those articles which we are prepared to manufacture, or which are more immediately connected with the defense and independence of the country.

James Monroe also said:

The principles upon which the commercial policy of the United States is founded are to be traced to an early period. They are essentially connected with those upon which their independence was declared; and owe their origin to the enlightened men who took the lead in our affairs at that important period.

ANDREW JACKSON

Andrew Jackson, a Democrat, said:

The general rule to be applied in graduating the duties upon articles of foreign growth or manufacture is that which will place our own in fair competition with those of other countries; and the inducements to advance even a step beyond this point are controlling in regard to those articles which are of primary necessity in time of war.

Andrew Jackson also said:

We have been too long subject to the policy of British merchants. It is time we should become a little more Americanized, and instead of feeding the paupers and laborers of England, feed our own.

ABRAHAM LINCOLN

Abraham Lincoln said:

If I be asked whether I would destroy all commerce, I answer: "Certainly not." I would continue it where it is necessary, and discontinue it where it is not. An instance: I would continue commerce so far as it is employed in bringing us coffee, and I would discontinue it so far as it is employed in bringing us cotton goods.

Mr. President, it might be well for Senators to remember that the Japanese

now are importing cotton goods into the United States. When the Japanese saw that they were absolutely destroying the textile industry of this country, they began to slacken temporarily their imports of cotton goods until Congress voted the extension of the 1934 Trade Agreements Act.

ABRAHAM LINCOLN'S SPRINGFIELD, ILL., RESOLUTION

Abraham Lincoln's resolution which was introduced and passed at a political meeting in Springfield, Ill., on March 1, 1843, read as follows:

Resolved, that a tariff of duties on imported goods, producing sufficient revenue for the payment of the necessary expenditures of the National Government, and so adjusted as to protect American industry, is indispensably necessary to the prosperity of the American people.

PRECEPTS OF NATION'S PATRIOT PRESIDENTS AND STATESMEN DISCARDED IN 1934 TRADE ACT

Mr. President, in closing I wish to say that these counsels and precepts of the great leaders and patriots of America's first illustrious century were betrayed by the 1934 Trade Agreements Act, and the acts which have extended it to June 30 of this year. The latest extension has expired.

We can return to them if we, as Andrew Jackson said, "become a little more Americanized," reject this bill to renew the Trade Agreements Act, and instead of feeding the laborers of foreign countries, begin again to feed our own.

Mr. President, if the act is not renewed, then on 60 days' notice and 180 days' notice, respectively, to the Secretary General of the United Nations and to the nations which are parties to the bilateral trade agreements, the regulation of the duties on the thousands of products covered by those agreements will revert to the Tariff Commission, an agent of the Congress; and the duties or imports will be regulated under the provisions of the 1930 Tariff Act.

HOW TARIFF COMMISSION WILL ADJUST DUTIES TO PRESERVE JOBS AND MARKETS IF TRADE ACT NOT RENEWED

In that event, all the duties will revert to the statutory duties of the 1930 Tariff Act; and then the flexible tariffs or duties will be regulated as provided by section 336 of that act, which provides specifically that the Tariff Commission shall determine the fair or reasonable cost of producing an article or a like article in this country and the fair or reasonable cost of producing it in the competing country.

HOW FLEXIBLE TARIFFS WILL ASSURE AMERICANS EQUAL ACCESS TO AMERICAN MARKETS

The difference will become the tariff, which will be flexible, and can be adjusted every few weeks or months or years, as occasion may arise, whenever there is a change in the economic relationship between this country and the chief competing nation, in the case of any product; and in order to conform to such a change in relationship, that particular tariff can be lowered by the Tariff Commission, without any action by Congress.

Then American producers, investors, and wage earners will again have equal access to our own markets.

HOW CONSTITUTION WILL BE RESTORED IF 1934
TRADE ACT ALLOWED TO DIE

So, Mr. President, the Congress should resume its constitutional authority under article I, section 8, of the Constitution, and should allow the President to continue to fix the foreign policy, under article II, section 2, of the Constitution.

There should, Mr. President, be a return to the original separation of the powers, in order to prevent the trading away of the economy of our country or the trading away of an industry or part of an industry in this country, in order to further the foreign policy.

There should be, there must be, a return to the Constitution, if we are not to again be threatened as in the dark days of the confederation, what President James Monroe described as certain ruin.

Mr. MARTIN of Pennsylvania. Mr. President, I yield 15 minutes to the Senator from Massachusetts [Mr. SALTONSTALL].

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 15 minutes.

Mr. SALTONSTALL. I thank the Senator from Pennsylvania.

Mr. President, the action of the Senate on the proposed legislation to continue the trade-agreements program will have a profound effect on the determination of what is to be the objective of the United States foreign-trade policy.

From 1934, when the trade-agreements program was started, to help turn the tide of depression which was swamping the economy of the country, until June 30, 1958, when the Trade Agreements Act of 1955 expired, the official policy of the United States has been to stimulate international trade by a reciprocal program of reducing tariffs and other discriminatory barriers which tend to interfere with the growth of international commerce.

If the Senate had passed the trade-agreements-extension bill in the form in which it was reported by the Committee on Finance, it would have proclaimed an end to the official policy of the United States, and would have declared a new policy, founded on the assumption that international trade is bad for the United States.

In my judgment, that would have been a very serious mistake, and would almost certainly have caused irreparable harm to the United States and to the rest of the free world.

I take no issue with the motives of those who are urging us to declare war on world trade, by means of the form in which the Senate passes this bill. I am sure they are motivated by honest and sincerely held convictions. However, I must say that I disagree with their judgment. In my view of the world in which we are living in 1958, the United States must, as a matter of self-interest and in the interest of the rest of the free world with which our security is inextricably linked, continue our policy of developing world trade.

What are the essential facts about our world which bear on the question of what sort of trade policy the United States should have?

First, we are faced by a continuing attempt by Russia to dominate the world, not only to make the world unsafe for democracy, but also to exterminate our own democratic institutions and the free institutions of all nations outside the present limits of the Communist orbit.

Second, there is grave doubt that we could stand alone against Russia and her satellites if the rest of the world came under her domination.

Third, the other free nations of the world cannot withstand Russian domination without us and the assistance—military, economic, and psychological—which we give to them. This is a fact about which there seems to be little dispute. I have heard no responsible, informed person suggest since the end of World War II that the nations of Western Europe, the Middle East, Africa, Central and South America, and Asia and southeast Asia can avoid being drawn under the Soviet net of aggrandizement without reliable, effective, and vigorous support from the United States.

Fourth, and this is a fact which has, in my judgment, very special significance in appraising what sort of a policy the United States should have toward international trade, growth is and will be the order of the times for the populations and economies of all nations of the world. Some are growing at a faster rate than others, but all are growing.

These four facts have the same basic significance for all Americans, whether they are workers and their families in domestic industries which sell goods abroad, workers and their families in domestic industries whose products cannot compete in foreign markets, workers and their families in industries which depend on the importation of goods from abroad, or owners or managers of such industries; and whether they are consumers, producers, or taxpayers. There is no escape for any American from the kind of world in which we are living.

I believe that recognition of these four facts answers conclusively the question of what should be the United States policy toward international trade. And I believe there is no substantial disagreement among informed and responsible Americans about this. Our policy must be, as it has been for the past quarter-century, to stimulate the continued development of world trade.

History cannot be said to prove anything about the future. But history can certainly be said to offer an important source of guidance about things to come. And I think we can take from history the lesson that nations which trade with each other are more likely than not to develop the sort of political, economic, and military ties with each other which comprise the fabric of international solidarity.

If we fail to join with other nations outside the Russian orbit in developing sound trade relationships, these nations will inevitably trade with Russia and her satellites. From the establishment of such trade relationships with the Communist world there would ultimately develop the economic, political, and mili-

tary intertwining of these nations in the web of world domination which Russia seeks to weave. If America were to turn her back on international trade, the nations for whom trade is an economic necessity and which are now floating between the world's two whirlpools of power, would recognize that they could look solely to the Communist orbit for the development of necessary trade relationships. We can certainly agree that the Communists are ready for them.

The conclusion that America should continue a policy of fostering world trade does not, of course, prescribe how this policy should be carried out. This question is a difficult one. I hope and trust that the supporters of the Finance Committee bill which has been before us share the conviction which I think most Americans hold, that this is a sound policy.

There are really two major policies involved in the legislation which we are considering. One of these policies is to foster world trade. The other policy is to protect domestic industries from injury resulting from world trade. These policies are not easily reconciled. To the extent that these policies conflict, Congress must choose which policy shall predominate.

The House, in its bill, has made the choice that our predominant policy shall be to foster world trade. The Finance Committee bill, as reported, urged a choice in favor of protecting domestic industry.

I have read the majority's report on the Finance Committee bill, and nowhere could I find any statement regarding our Nation's policy of fostering international trade. I assume that the committee believes in this policy, but decided to confine its report to a discussion of the operative provisions of the Trade Agreements Act which are designed to protect our domestic industries from injury due to world trade. The committee's preoccupation with the accommodation of domestic industries to the operation of the trade agreements program, instead of considering its broad policy objectives, may explain why it is that the committee bill would have effectively torpedoed our foreign trade policy.

We must recognize that we cannot have an effective national policy to foster international trade that will not inherently contain a risk of injury to individual domestic producers and segments of domestic industries. I suppose it is inevitable in the formulation of any national policy that its effect will be different on various individual segments of the entire Nation. Perhaps the most extreme example of what I mean is found in the situation when our Nation goes to war. Those who must don uniforms in the service of their country are certainly not benefited by the national policy which leads the country to go to war, and yet, if it is clearly in the national interest to fight, we do not, because of the tremendously disproportionate burden which this policy imposes on servicemen, exempt all our citizens from the duty to bear arms, thereby effectively negating the national policy to wage war.

The Finance Committee bill seemed to me, however, to do just this sort of thing—to thwart a necessary national policy by providing a mechanism for wholesale suspension of its operational elements. In order to minimize the risk of injury from import competition to certain few domestic industries which might be hurt by it, the bill in effect said "let us renounce our policy of fostering international trade."

No one desires to see any of our domestic industries or companies within these industries hurt by international trade. The challenge to all of us in Government, in the executive branch as well as in the Congress, is to devise ways and means whereby an imperative national policy to foster international trade can be implemented so as to minimize the risk of injury to American producers without defeating the policy. The peril point, escape clause, and other protective provisions which are already parts of the trade-agreements program, and which I have uniformly supported, have, I think, provided an effective method of minimizing this risk. If there are particular situations where these techniques are not adequate, then it is incumbent upon us to devise other new techniques for these situations. They should be dealt with on their particular facts, as special and exceptional cases, which they are, and be considered in the context of our total national economy.

The hearings on the pending legislation before both the House Ways and Means Committee and the Senate Finance Committee contains much testimony that our foreign-trade policy can be effective only if Congress gives reliable authority to the Executive to negotiate with the other nations for elimination of trade barriers. The Executive must have authority to make commitments on behalf of the United States on which other nations can place reliance. Otherwise, they will either decline to negotiate for freer trade or they will not themselves agree to reliable commitments for freer trade. We cannot equip our negotiator with counterfeit authority and expect him to obtain more than counterfeit commitments.

If an escape-clause provision such as the one reported in the Finance Committee's bill should ever become law, Congress would thereby counterfeit the President's authority to effectuate our trade-agreements program.

Speaking with what I believe to be a realistic appreciation of the operation of our Government, I must say that I had very grave doubt about the wisdom of subjecting important questions of trade policy intimately affecting the national interest to the mechanism which was provided in the Finance Committee bill's escape clause.

The bill which was passed by the House contains provision for new escape-clause machinery which I consider to be very much sounder than that which we have deleted from the bill before us on motion of the Senator from Texas [Mr. JOHNSON]. This provision would leave the responsibility for decisions about the operation of our trade agreements program to the President, where, in the first in-

stance at least, it properly belongs. He could, as under present law, approve or disapprove Tariff Commission recommendations. Then the provision affords machinery whereby Congress may review the action of the President and the recommendations of the Tariff Commission and reverse the President's action by a two-thirds vote of each House. I subscribe heartily to the statements about the escape-clause provision in the House bill which appear in the report of the Ways and Means Committee—House Report No. 1761—on the Trade Agreements Extension Act of 1958.

Mr. President, I request unanimous consent that the statements to which I have referred be printed in the RECORD at this point in my remarks.

There being no objection, the statements was ordered to be printed in the RECORD, as follows:

CONCURRENT RESOLUTION IN ESCAPE-CLAUSE CASES

Under existing law, upon receipt of the Tariff Commission's report of its investigation and hearings in escape-clause cases, the President may make such adjustments of duty, impose such quotas, or make such other modifications as are found and reported to be necessary to prevent or remedy serious injury to the domestic industry. If he does not take such action within 60 days he must report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate why he has not done so. While the Congress has the power to pass a bill which would have the effect of reversing the President's action where he disapproves a Tariff Commission recommendation, and to override a veto of such a bill if it is disapproved by the President, no such action has ever been taken since the escape-clause provision was first enacted in 1951.

Your committee has adopted two important amendments, contained in sections 6 and 7 of the bill, to the escape-clause procedure.

Section 6 provides that the action found and reported by the Tariff Commission to be necessary to remedy serious injury shall take effect, if disapproved by the President in whole or in part, in the event that, within the 60-day period following the President's report stating why he has not taken the action, the Congress, by a two-thirds vote of each House, adopts a concurrent resolution stating in effect that it approves the action found and reported by the Tariff Commission to be necessary. If the Congress adopts such a resolution, the President shall, within 15 days thereafter, take such action as may be necessary to make the adjustments, impose the quotas, or make such other modifications as were found and reported by the Commission to be necessary to prevent or remedy serious injury. This will enable the President to take the necessary action internationally under United States trade agreements.

Section 7 amends the rules of the House and Senate so as to give privileged status to a resolution introduced for the purpose of approving a Tariff Commission recommendation which has been disapproved by the President in whole or in part. Under these rules, such a resolution is to be referred to the Committee on Ways and Means of the House and the Committee on Finance of the Senate. If the respective committee has not reported it before the expiration of 10 calendar days from its introduction (or receipt from the other House), it shall be in order to move to discharge the committee from further consideration of the resolution. Such a discharge motion shall be highly privileged, with debate thereon lim-

ited to 1 hour, and no amendments to the motion permitted. When either committee has reported, or has been discharged from further consideration of such a resolution, a motion to proceed to consideration shall be highly privileged and not debatable, and the resolution shall be subject to a maximum of 10 hours debate and not subject to amendment. There are additional ancillary provisions, which are discussed in part III of this report.

(a) Reasons for the committee's amendments: No part of the trade agreements program has been the subject of as much controversy in recent years as the escape clause. There are many who believe that the escape clause is harmful to the objectives of the trade agreements legislation—to increase the flow of trade between the United States and its trading partners of the free world—because it continually poses the threat of, and has often resulted in, curtailment of imports when domestic industry is unable to compete successfully with imports on which concessions have been granted in return for reciprocal concessions. On the other hand, there are many who believe that the escape clause does not sufficiently protect domestic industry from competition resulting from increased imports upon which concessions were made. They contend that (a) Tariff Commission proceedings are time consuming and arduous, (b) the Tariff Commission has recommended remedial action in only 25 out of 87 cases, and (c) the President has accepted Tariff Commission recommendations in only 10 of the 25 cases.

The remedies suggested for these alleged infirmities of the escape clause run a wide gamut—from those which would result in no trade agreements program at all to those which would remove the escape clause. Your committee has spent weeks considering the escape clause and proposals to abolish or change it. After thorough consideration it adopted the amendments described above.

Escapes from international obligations authorized by the Congress in return for reciprocal obligations should not be lightly permitted. The proof of serious injury alleged to be threatened or to have resulted from imports should be convincing since there are important effects of escape-clause actions on our trading partners and the American public. It is the opinion of your committee that the President must continue to have discretion in escape clause cases because their effects on foreign relations and other aspects of the national interest may outweigh the benefit to a particular industry. However, since the Congress has authorized the President, in the trade agreements legislation, to exercise a portion of its constitutional power to regulate foreign commerce and to levy duties, under suitable standards and limitations, it is reasonable that Congress, the source of the power, should enable itself to review the effects upon domestic industry of the exercise of that power under procedures which in practice are feasible.

While this review is possible under existing law, through the enactment of a bill following the President's notification to the Congress of his disapproval of a Tariff Commission recommendation, as noted above in practice this has never been done. The obstacles to its being done are formidable. Such a bill, not being privileged, must take its turn along with the many other bills which are before the relevant committees for consideration. In addition, since such legislative action is outside the existing escape-clause procedure, it could lead to international complications should it be followed, since foreign countries, being very much aware of the American legislative pattern, have assumed that as a general matter the escape-clause procedures are at an end upon the President's approval or disapproval of a Tariff Commission recommendation.

Consequently, the Congress, mindful of the effects of its actions upon the foreign relations of the United States, has been hesitant to take action which might adversely affect those relations. Finally, without an established and practical procedure, the Congress is less likely to address its attention to the particular issues raised in individual escape-clause actions, attention which is necessary before a meaningful review of such action should be undertaken.

Under your committee's bill, however, these problems are surmounted. The concurrent resolution procedure is made a formal part of the escape-clause procedure, and foreign governments are placed on notice that the escape-clause proceedings do not necessarily terminate upon the President's action. Secondly, the privileged status given to a concurrent resolution introduced pursuant to section 7 of the bill assures that it will receive expeditious consideration by the Committee on Ways and Means and the Committee on Finance. These committees would examine the Tariff Commission's report and the President's report with care and hold hearings if necessary. In the event that the committees did not act with expedition, the privileged status of the resolution would assure prompt consideration by the Congress. Accordingly, there would be an effective way of securing a review by the Congress of the effects upon domestic industry of the exercise of authority which it has granted to the President.

(b) Adoption of a concurrent resolution by two-thirds vote of each House: Under section 6 of the bill, adoption of such a concurrent resolution, following Presidential disapproval in whole or in part of a Tariff Commission recommendation, requires a two-thirds vote of those present and voting in the House and the Senate. There are practical and legal reasons for this requirement. The practical reason is that it is reasonable to require a substantial majority of the Congress in order to override a Presidential determination where the relief to a domestic industry involves an escape from an international obligation duly assumed by the United States pursuant to a specific authorization to the President by the Congress. As noted above, it is the opinion of your committee that escape actions should not be lightly undertaken, involving as they do not only the interests of American businessmen and consumers, and of other American producers who may lose the benefit of the compensatory concessions which were reciprocally granted to the United States by foreign countries, but also the foreign relations of the United States to a serious degree. Your committee has been impressed with the great impact which escape-clause actions have had upon the foreign relations of the United States.

Accordingly, it is reasonable and just to require a two-thirds majority of each House to reverse an action of the President in a field which is so intimately related to the conduct of the foreign relations of the United States and where action by the Congress without the immediate participation of the President during the course of such action is involved.

The legal reasons for the two-thirds majority required in sections 6 and 7 relate to the issue of the validity of the concurrent resolution procedure, under which treatment of imported articles may be changed after the adoption of the concurrent resolution. Although many laws have been enacted during the past 30 years, incorporating the principle of action by the Congress without the participation of the President in terminating legislative authority granted in statutes, or in disapproving action taken by the Executive pursuant to authority granted in statutes, serious questions have been raised respecting the constitutionality of such measures in view of the provisions of article I,

section 7, of the Constitution. This article sets forth procedures for enacting bills and with respect to orders and resolutions of the Congress. While no Federal case adjudicating the constitutional issue has been decided, there is no doubt that a substantial constitutional question is involved.

By requiring a two-thirds vote of each House in adopting a resolution overturning the President's disapproval of a Tariff Commission recommendation in a particular escape-clause proceeding, your committee is of the opinion that, if and when the constitutional question is adjudicated, the position in favor of constitutionality will be enhanced. This is because a procedure whereby the Congress by a two-thirds vote of each House overrides a Presidential determination in a particular escape-clause action—the reason for such action having been communicated to the Congress in much the same fashion as a veto message communicates the reasons for a veto—is analogous to Congress' repassing a bill after a Presidential veto. Your committee has been informed by the executive branch that it, acting upon the advice of the Attorney General of the United States, has no objection to sections 6 and 7 of the bill, considering both the practical and legal questions involved.

Mr. SALTONSTALL. Mr. President, I believe that the provisions of the bill as passed by the House with respect to the escape-clause machinery are much wiser than those which were contained in the Finance Committee bill. I believe that the Finance Committee bill provisions were not only unwise but I must say that they gave me genuine concern from a constitutional standpoint.

The Constitution provides for three separate departments of Government, each of whose powers are to be exercised independently without interference or coercion of one department by another. There can be no question that, constitutionally speaking, the power to fix tariff rates is a congressional power. Equally clear, however, is the authority of Congress properly to delegate the power to fix tariffs. The escape-clause provisions of the Finance Committee bill would in effect have rendered the delegation of the tariff-setting power by the Congress conditional. Under this provision Congress would have kept a string on the power delegated. The effect of this in my judgment would have been to mingle responsibility for the exercise of the power between the executive and the legislative departments of the Government.

Although I have not been able to discover that this precise question has been passed on by the Supreme Court, I have serious concern that such comingling of responsibility to exercise the tariff-fixing power might be a violation of the constitutional requirement of separate independently functioning departments of our Government. Certainly it would result in the Congress maintaining a supervisory and directive role in the exercise by the executive of a delegated power. This sort of effect in the relationship between two departments of the Government has often been held improper by the Supreme Court.

Mr. President, I could not support a trade agreements extension bill which completely ignored the importance to our national security of our policy of fastening world trade. I believe our

trade policy is essential to our security and to the security of the whole free world. I believe that Congress has a separate and very real responsibility to find ways and means to avoid or at least to minimize the risk of injury to our domestic industries which may result from our efforts to make our people and our Nation more secure. That responsibility of the Congress would be carried out by the escape-clause provisions of the bill as passed by the House. They give more protection to our industries than do the provisions of present law.

Experience under those new provisions may lead us to further improvement. But to support a program which can but weaken our country and endanger the safety and security of the American people in these perilous times would be to ignore the realities of the threat posed by the economic, political, and potentially military-offensive of the Soviet Union.

Mr. President, I have a few additional remarks addressed specifically to the escape-clause provisions of the Finance Committee bill. Since the Senate has by amendment deleted these provisions from the bill, I will not take time to deliver these remarks. Instead, I ask unanimous consent that they be printed in the RECORD at this point in my remarks.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

SUPPLEMENTARY REMARKS BY SENATOR SALTONSTALL

What troubles me most about the Finance Committee bill is that it takes a technique designed only to deal with these special, exceptional situations and applies it to the whole range of our trade agreements program thereby effectively negating our policy of promoting international trade. This is accomplished by depriving the President of any effective method of asserting the needs of the Nation as a whole over the needs of a comparatively small fragment of the Nation.

If the Finance Committee bill were to be enacted, Congress would give any 3 members of the Tariff Commission the authority, for the benefit of any domestic industry, not only to bar tariff reductions but also to require an increase in tariffs to as high as 50 percent above the levels of the Smoot-Hawley tariffs which prevailed in 1934 even if the President disapproved, based on his judgment of the needs of the country in foreign affairs, military security, and the total national interest, unless both Houses of Congress by a majority vote within 90 days were to pass a resolution upholding the President.

And here it must be borne in mind that the Tariff Commission is not charged with responsibility to make findings or recommendations to serve the total national interest nor even to take account of foreign policy or national security considerations. The only point of inquiry for the Tariff Commission is the question, very narrow by comparison, whether imports are such (and here I quote from the escape clause law found in sections 6 and 7 of the Trade Agreements Extension Act of 1951, as amended) "as to cause or threaten serious injury to the domestic industry producing like or directly competitive products."

The new escape clause provision proposed in the Finance Committee bill would minimize the likelihood of any tariff reductions which might be deemed by the President to be necessary in the national interest. It

would also make it possible for the Tariff Commission, which has neither the authority nor the responsibility to take account of broad considerations of national interest, to put into effect very substantial tariff increases or very restrictive quota limitations on imports contrary to the national interest as determined by the President unless the Congress supported Presidential recommendations by majority vote of both the House and Senate within 90 days after the President recommended other than the Tariff Commission's proposed action.

The process provided in this proposed new escape clause threatens to enthrone as rule what has been and must remain an exception to rule if we are to continue our policy of fostering international trade. If our trade agreements program is to be effective, it must be able to operate to reduce barriers to commerce among nations of the free world. This it will not do if it is structured to maximize the likelihood of tariff increases and restrictive import quotas and to minimize the likelihood of tariff reductions.

The proposed new escape clause in the Finance Committee bill makes what seems to me a very unwise distribution of responsibilities for the operation of our international trade policy.

In today's world, questions of tariff levels, import quotas, and other barriers to international commerce are questions whose principle significance for the Nation as a whole lies in the area of foreign policy and national security. Therefore the principal responsibility for considering and deciding them should be with the President. He is the best qualified to deal with these questions because he has the greatest information about and understanding of all the factors which must be taken into account.

And yet the proposed new escape clause provision would reduce the role of the President in this connection to that of a powerless commentator. The Tariff Commission by the vote of three of its members would be required by this provision to make a decision which might have enormous significance to the national security without giving consideration to so much as a scintilla of evidence about national security, its only competency being to decide whether certain imports threaten serious injury to some particular domestic industry.

If it were to find such injury threatened, the Commission would have to recommend some action which would have to be an effective interference with international trade. The President would then have 30 days in which to consider the action recommended by the Commission, and if he believed it to be contrary to the national interest, he would be powerless to act except to report his belief to Congress and urge Congress to adopt a resolution approving his recommendations. Unless the Congress did so, the action recommended by the Tariff Commission would take effect 90 days later.

Mr. MARTIN of Pennsylvania. Mr. President, I yield 5 minutes to the Senator from New York [Mr. JAVITS].

Mr. JAVITS. Mr. President, I wish to address these remarks to the fact that the bill under consideration provides for a 3-year term, while the bill as passed by the House provides for a 5-year term. The bill under consideration provides for tariff reductions in stages of 5 percent each, as against the rate which prevailed on July 1, 1958, while the bill as passed by the House provides for stages of reductions of 10 percent each, for a total of 25 percent as against 15 percent in the bill now before us. In addition, there is no cumulative feature in the bill under consideration, as compared to the bill as passed by the House, which would per-

mit much greater flexibility with respect to tariff reductions.

Mr. President, there were three amendments lying at the table with respect to the matter of the 5-year term; amendments offered by the Senator from New Jersey, by the distinguished occupant of the chair [Mr. DOUGLAS], and and by me. With that rare restraint which sometimes characterizes Members of this body, not one of these amendments was called up.

Mr. President, I think the country ought to know, insofar as we can explain this matter, why this happened. The length of term is one of the big issues with respect to the bill.

Mr. President, sometimes it is to the greater advantage of a piece of legislation—and I was sincerely convinced of that in this case, as I assume were the other Senators who sponsored the same amendment—that the best result can be obtained by not pressing this amendment, but instead by refraining from pressing it. The bill as passed by the House does provide for a 5-year term. The Senate conferees will be conferring upon such provision, in the face of the fact that the bill as it will pass the Senate will have a 3-year provision.

Mr. President, the reasons for providing for a longer term than 3 years are very compelling. I shall very briefly recapitulate them. I think people like myself and other Senators who are similarly interested have every reason to express the expectation that there will be a longer term than 3 years provided, though perhaps it will be necessary to accept a somewhat shorter term than 5 years. Even more particularly, there should be a greater amplitude in the percentage reductions which may be made. Finally, reductions should be cumulative rather than noncumulative, as now provided in this bill.

Briefly, the very persuasive reasons which I have stated, which the Senator from Illinois has stated in such a marked way, which the Senator from Pennsylvania and the Senator from New Jersey and others have also stated, are as follows:

First, we are fighting the Soviets with respect to trade and aid. Everybody knows that. We need real flexibility in the fight. It is a fact that in country after country we can wipe out the benefits of all the foreign aid we give in 3 months, based upon our trade policies. I gave some examples of that with respect to Brazil. We give aid to Brazil of about \$40 million a year. Our trade is a billion dollars a year.

In short, the trade picture will really make or break these countries. We need a flexibility in the great economic struggle which is going on with the Soviet Union, described so well on the TV program last night as *The Ruble War*.

Secondly and very importantly, we shall have the European community, a free-trade area-to-be of six nations, the negotiations with respect to which are of supreme importance. That community is going to be developing a trade policy over the period of the next 12 years, and far more than a 3-year term

is essential if we are to keep up with that situation.

Finally, if those facts are not sufficient, we also have the inherent problem in our own foreign trade of a situation where great parts of American industry are now dependent upon foreign trade for profitable operation. We hear a great deal about how small business is hurt. We hear all too little about how business after business, especially in the heavy goods, is dependent upon exports, which make the difference between profit and loss. We have learned the hard way that if we do not buy, we cannot sell.

Mr. President, it seems to me the great lessons which are being burned into our minds as to what is happening in the world today are apparent. The people who have been depressed and underprivileged in economic and social terms simply will not hold still. They want progress. They want to move forward. Trade in an open trading world is the best way to accomplish the objective.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CLARK. I should like to associate myself with the comments of the Senator from New York in support of the 5-year extension of the Reciprocal Trade Agreements Act. I regret that we shall not have an opportunity to vote on the extension for the 5-year term. I understand why. It is the part of wisdom and I think the part of statesmanship not to force a vote on that matter now. However, I should like to have the RECORD show that if an opportunity had been offered I would have joined the Senator from New York in voting for the 5-year extension of the act.

Mr. JAVITS. I thank the Senator from Pennsylvania.

Mr. DOUGLAS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. PASTORE in the chair). Does the Senator from New York yield to the Senator from Illinois?

Mr. JAVITS. I yield to the Senator from Illinois.

Mr. DOUGLAS. I think the Senator from New York has touched on a very important point. We need a longer extension than the 3 years provided in the bill as reported by the Committee on Finance.

The Common Market has announced that it will not enter into negotiations with countries outside the Common Market before the 1st of January 1961, or 2½ years from now. Therefore, a mere 3-year extension of the act will give us only 6 months in which to negotiate. Under the terms of the bill presently under consideration, the only concession which we could make would then be 5 percent, which would be completely insignificant.

In my judgment it is imperative that the duration of authority be extended beyond the 3-year period provided for in this bill, and furthermore, that the possible decreases in tariffs should be made cumulative, and that in addition there should be some authority to extend these decreases beyond the precise duration of the authority, if they have not already been used up. This is nec-

essary in order that we may gear our plans into those of the Common Market, and also into those of the free trade area, if that comes into being, outside the Common Market.

Mr. JAVITS. I very much appreciate the comments of the Senator from Illinois, who has been a real leader in this fight. We shall have another chance in connection with the conference report.

I think it is very important for distinguished members of the Finance Committee, like the Senator from Illinois, the Senator from Pennsylvania, as well as other Senators, including myself, to make it clear that we expect to have some reasonable solution of the 5-year problem, and that the fact that we have not offered the amendment represented our vision and judgment as to the best way to effect the main purpose, rather than our abandonment of one of the fundamental principles in the bill.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JOHNSON of Texas. I yield 1 minute additional to the Senator from New York.

Mr. DOUGLAS. Mr. President, will the Senator yield further?

Mr. JAVITS. I yield.

Mr. DOUGLAS. We are quite confident that the House conferees will hold firm, and we know that the Senate conferees are reasonable men. Therefore we hope very strongly that an agreement may be reached which will be satisfactory to all concerned. I have real confidence that this will be so.

Mr. JAVITS. I certainly join the Senator from Illinois in that hope, especially in view of the extremely persuasive and compelling reasons in the national interest which dictate that the terms should be longer than the 3 years now specified in the Senate version of the bill.

Mr. COOPER subsequently said: Mr. President, I ask unanimous consent to have printed in the body of the RECORD at some point before the passage of the Trade Agreements Act extension bill a statement I have prepared on the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR COOPER REGARDING THE IMPORTANCE TO AGRICULTURE OF THE EXTENSION OF THE RECIPROCAL TRADE AGREEMENTS ACT

I support strongly, and shall vote for, a 5-year extension of the Reciprocal Trade Agreements Act, as proposed by President Eisenhower and passed overwhelmingly by the House of Representatives by a vote of 317 to 98.

The Senate Finance Committee has added amendments which would make the act unworkable, and I have voted to strike these amendments.

The original trade-agreements legislation has been extended 10 times by the Congress since its enactment in 1934. The basic purpose of the legislation is to enable the President to expand free world markets, and to expand markets for United States products. It is to strengthen our economy and the economy of our overseas friends. It is to strengthen our security by making more difficult economic penetration by the Soviet Union.

The act enables the President to continue to make limited reductions in the tariff on imports into this country, in exchange for similar reductions by other countries on our exports to them—so that there will be a mutual advantage. Its effect is to increase our own markets abroad, while, at the same time, enabling us to buy foreign goods to greater advantage. It is mutual trade, with advantages to both sides, reducing the restrictions on both sides.

During the debate, much has been said about the adverse effect of the Reciprocal Trade Agreements Act on certain industries in the United States. What is really at issue, however, is whether or not this country gains more than it loses under reciprocal trade. Is there a positive balance of benefit accruing to the United States from the operation of the Trade Agreements Act?

In all fairness, it must be admitted that the Reciprocal Trade Agreements Act has, since 1934, made competition easier for some foreign products. I think it is only honest to say that low wage scales, combined with increasingly efficient production techniques, have put some American industries at a disadvantage.

But ranged on the other side is a massive array of facts, figures, and opinion to the effect, that although some industries are in stiff competition because of foreign imports, the Nation's business as a whole is benefiting enormously from international trade.

Let us look at the total value of the act to our economy: Last year we imported \$13 billion worth of goods. That is no small figure. But our exports in that same period totaled some \$19.5 billion.

To emphasize the importance of this trade to our economy, I would like to quote Secretary of Commerce Sinclair Weeks. Testifying before the Senate Finance Committee, Secretary Weeks pointed out:

"Our exports of goods and services currently represent about 6 percent of the Nation's output. The value of United States goods marketed abroad in 1957 exceeded the value of: all consumer purchases of automobiles, parts, and accessories; or all residential construction; or all consumer purchases of furniture and household equipment.

"Or, to take examples from the field of agriculture: All cash receipts of farmers from crop marketing; or all cash receipts of farmers from marketing of livestock and livestock products.

"We exported around 10 percent of our entire output of movable goods in 1957, including: 13 percent of our machine tools; 20 percent of our production of trucks; 29 percent of our construction and mining equipment.

"And in agriculture, on an average over the last 5 crop years: 25 percent of our cotton; 28 percent of our tobacco; and 32 percent of our wheat.

"Figures of these dimensions forcefully demonstrate the importance of world markets to every area of the United States, and every major segment of business and agriculture in our country."

These figures clearly show that the trade-agreements program has introduced a strong measure of stability into our international trade, and this we need to preserve. But it is easy to talk in terms of figures. They are cold, impersonal. This whole issue involves the livelihood, the jobs, of human beings as well—and that is most important. Testimony was given in the hearings that some 4.5 million men and women are dependent, directly or indirectly, upon international trade for their livelihood. They constitute 7 percent of our labor force.

Further, as I have said, the Reciprocal Trade Agreements Act provides mechanisms to protect our domestic industries.

The first is the so-called peril point finding. Before the tariff on any item is reduced, the United States Tariff Commission investigates and determines the mini-

mum tariff that can be set without causing serious injury to the domestic industry affected. This minimum is the peril point.

When the Tariff Commission finds, after application by a domestic industry, that an existing tariff is too low, the second of these protective devices comes into play. This is the escape clause of the program that allows the President to raise the tariff. The President may, however, decide not to follow the Commission's recommendations if he finds that doing so would not serve the broad national interest.

Now I want to call especial attention to the importance of the Trade Agreements Act to American agriculture, for during the debate I have noticed that very little emphasis has been given to agriculture.

To emphasize the importance of farm exports to the American farmer, the latest figures for 1957 show that the produce of 1 out of every 5 acres is sold abroad. Approximately one-fifth of the income of the American farmer comes from sales to countries across the sea.

The production from these export acres enabled American farmers to sell more food and fiber abroad in 1957 than any nation has ever done in the history of the world. Those exports amounted to a record \$4.7 billion—enough farm goods to fill 800,000 freight cars. Representing 22 percent of the world's total trade in farm products, they were the fruit of 61 million acres—an area 14 times larger than the cropland harvested in my State, Kentucky.

The great problem for most of the world is lack of food. But the opposite is true in America. Our farm problem grows out of the high productivity of American farmers. American agriculture today is strong and efficient. For many crops, an hour of farm work produces twice what it did in 1940. The central problem of American farmers today is not how to produce, but what to do with all that is produced.

The positive and affirmative answer to the American farm problem, to the cost-price squeeze, and to parity incomes for farmers, is to expand markets both at home and abroad—to get more of our production into the good use for which it is intended.

The greatest hope for expansion of domestic markets lies in our remarkable growth in population. Before the year is up, farmers will be feeding and clothing 175 million Americans. Today, each farmer supports himself and 20 others—whereas a century ago, 4 rural people supported 1 in the city. Moreover, our population is increasing at the rate of 3 million per year—so that by 1965, fewer farmers will have the job of feeding a nation of 200 million.

But all farmers also have a pocketbook interest in exports, and in foreign trade—which must be a two-way street. Foreign countries cannot buy from the United States unless they can sell to the United States. For if foreign markets were smaller, producers of the big export crops in the United States would have to switch to other crops for the domestic market—in competition with farmers already geared to the home market. When the production from 1 acre in 5 moves abroad, it takes considerable pressure off the domestic market, and helps strengthen farm prices in general.

In 5 years the United States has almost doubled its volume of agricultural exports. Last year the foreign market absorbed the equivalent of over one-half our wheat, cotton, and rice crops; one-third of our soybeans; one-fifth of our lard production; and one-fourth of the total tobacco crop.

The Reciprocal Trade Agreements Program has been a major factor in the heartening increase in United States agricultural exports. Last year, nearly fourth-fifths of the farm product exports went to countries with which we have trade agreements, and about two-thirds of farm exports moved under trade concessions.

One of the serious problems in exporting farm products is the fact that other countries sometimes discriminate against our products.

Through the trade agreements program, however, we have a considerable degree of protection against the arbitrary and capricious setting up of trade barriers against our farm products. Any member country wishing to limit imports of our products must go through the formal processes set forth by the agreement. These same processes also serve in reverse to help us get foreign trade barriers removed.

Certainly, no other major segment of our national economy stands to gain as much from continuation and strengthening of the trade agreements program as United States agriculture. Prospects are bright for maintaining and expanding the \$2.8 billion total of farm product exports which were sold last year for dollars if we continue to gain greater access to foreign markets. This means farmers will also gain from reductions in our own trade barriers which help foreign customers earn more dollars.

The farmers of my State recognize the necessity of maintaining exports of tobacco. They know that foreign manufacturers especially prize United States leaf because of the flavor and aroma that it imparts to their products. But they know also that quality and price alone will not guarantee exports. Their tobacco must have access to foreign markets. Because 90 percent of all tobacco exported moves under reciprocal trade agreements, renewal of the act this year is essential to Kentucky tobacco growers.

More than 800,000 rural families in the United States depend on tobacco as a principal source of cash farm income, as do 3 out of 4 farms in my own State of Kentucky. Countless dealers, warehousemen, traders, factory operators, wholesalers, and retailers also depend for their livelihood on the tobacco trade.

The level of foreign trade is of vital importance to all those engaged in the tobacco industry. For while only 6 percent of the burley crop moves abroad in the form of leaf, and another 4 percent in American cigarettes sold abroad, about half our fire-cured tobacco—the old traditional type upon which many farmers in my State depend—is shipped to overseas customers. And for the United States as a whole, every third pound of tobacco is sold abroad, as leaf or in the form of tobacco products. Exports for the past 3 years, including tobacco products, averaged 600 million pounds of tobacco annually, worth over \$400 million. This 3-year record of exports is an all-time high in value.

Nevertheless, even with these record exports, the United States is not sharing proportionately in the growth of world tobacco trade. At no time in history has the United States tobacco trade faced such intense competition in world markets as it does today.

Let me say here that I realize that under our present program there is a question of how best to maintain and increase tobacco exports. This is true because further increases in our prices may cause other countries to increase their tobacco production at lower prices. In burley tobacco, for example, changing consumer preference has increased demand for the traditional export grades of tobacco, so that vigorous bidding by domestic buyers has tended to price these grades out of the reach of some foreign buyers. I have asked specifically for a study of this problem, to see how we can best preserve the gains we have made to date, and improve our position for the years ahead.

I have had a part in developing the present tobacco program, and I shall continue to support it. I know that as changes are needed to meet new conditions, the Congress will make them in accord with the wishes of tobacco growers themselves, as has been done in the past.

I do not believe that burley growers, who sell 95 percent of their tobacco to domestic buyers, wish to receive less for their tobacco. Within the framework of protecting the domestic market at the present level of price support, however, I believe tobacco representatives would be glad to consider any sound proposal for expanding markets abroad.

In the long run, of course, foreign customers must have the dollars to pay for tobacco they desire to purchase in the United States. We can be sure that without the reciprocal trade program, which contributes so greatly to world trade, there would be little hope of increasing our tobacco exports.

As an example of the importance of the Reciprocal Trade Agreements Act to the tobacco farmers of Kentucky, I point out that in 1934-38, when the reciprocal trade program began, burley exports average 12 million pounds annually. By contrast, the most recent 5-year level of burley exports exceeds 30 million pounds annually. And in addition to these figures, an estimated 20 million pounds of burley tobacco is exported yearly in the form of American cigarettes.

Finally, I would like to say that the extension of the Trade Agreements Act is important to our national security, as well as to our economic well being. Our immediate crisis is one of physical security. It is different from any that we have known before, for Russia has developed rockets and missiles which can strike this country. Today, it can be said that we have adequate retaliatory power, and it would seem unreasonable that Russia would risk its own destruction by launching an attack upon the United States.

But our national security is challenged also by the economic and political side of the new Soviet policies.

For some time now, Russia has been saying to other countries of the world that they, too, can develop economically, and quickly, by following the Soviet pattern, and by associating closely with the Soviet bloc. And, despite the needs of her own people, Russia has been offering, and delivering, substantial economic aid through trade agreements with other countries.

If we withdraw or withhold assistance, and most important, if we close the channels of trade with friends throughout the world, so that they come to rely permanently on Soviet aid and trade, and their economies are tied into the Soviet bloc, then we will face eventual isolation in the world.

It is an isolation which would cut off vital materials, supplies that we buy throughout the world. It would dry up our world markets. Worst of all, it would make of the United States a military garrison. We would see our standards of living steadily go down and our liberties stifled in the effort to survive.

The question for us is whether we will make the continuing effort and sacrifice that our time requires. One thing we can do is to give the President the flexibility he needs, through the extension of the Trade Agreements Act, to meet the economic offensive of Soviet Russia. For in the next 10 years, it is the economic competition between democratic countries, above all, of the United States, with the Soviet Union that may determine the future of freedom.

The United States has for years been regarded as the leader in the move to lower trade barriers, eliminate trade discrimination, and encourage the healthy flow of commerce between countries. I believe that our friends all over the world are watching developments in Washington, and will regard the outcome of the current congressional deliberation on the trade-agreements legislation as a guide to our future international economic policy.

Extension of the Trade Agreements Act will reflect the awareness of the American

people and the Congress that economic growth, and the stability that can be enhanced by the development of wider world trade, is an important part of our effort toward world security and peace.

I believe that the Congress will extend the trade-agreements legislation for another 5 years, with adequate authority for the President to conduct a trade program to the benefit of our economy and security, and that of our friends overseas.

Mr. JOHNSON of Texas. Mr. President, I yield myself such time as may be necessary on the bill.

I share the view expressed by the very able member of the Finance Committee, the Senator from Illinois [Mr. DOUGLAS] and by the junior Senator from New York [Mr. JAVITS]. I would much prefer that the Reciprocal Trade Act be extended for 5 years. I realize that the very important Finance Committee recommended that it be extended for only 3 years.

The House of Representatives passed a bill providing for a 5-year extension. I hope that our conferees will feel that they can consider the reasons which caused the House to enact the 5-year provision; and I confidently expect that the conference report will contain an improvement over the 3-year extension provision now in the Senate version of the bill. If we cannot obtain a 5-year extension, I certainly hope that we can obtain an extension of 4 years.

Mr. President, from the standpoint of the long-range future of the United States, this is one of the most important bills in this session of Congress.

I believe that most of us realize that our dreams of a world of peace and prosperity depend upon a world of free and healthy commerce. That is something which cannot be achieved overnight.

Nevertheless, it is a goal to which we must cling. We must advance a step at a time to break down the barriers to peaceful trade which shut others out and which shut us in.

As a nation, we are proud of our free-enterprise system. We seek to convince the world that it is the best of all possible systems—the only way in which men can live in freedom.

We cannot, however, hold forth free enterprise as a way of life if the world is going to be split into tight economic blocs, separated by walls too high for anyone to scale.

The uncommitted people of the world are not going to turn to a free way of life if the people who believe in freedom slam the door shut on peaceful trade. They are going to turn in the other direction. They are going to turn toward those who hold forth some hope of economic advancement.

It is an old and trite saying that trade is a 2-way street. It is something that cannot flow in 1 direction, and 1 direction only.

But there is something much more than that involved. Unless it is a street upon which men can travel in both directions, economic freedom will be lost and with it will go political freedom too.

This bill is a firm commitment to the type of economic freedom of which we are so proud. It is the evidence that we

not only preach free enterprise, but practice free enterprise.

Unless we produce the evidence, a skeptical world will decide that our motto is "Do as we say; not as we do."

Freedom as a force can be retained in this world. But it can be retained only on the basis of peaceful commerce. The only alternative is endless grants to other nations and constant gifts which will produce neither friends nor economic stability.

This bill rests upon the assumption that trade is a day-to-day affair which must be handled by officials who make day-to-day decisions. Congress can set policies but only the Executive can carry them out.

Like every other Member of the Senate, at one time or another I have disagreed with some of the individual decisions that have been made by the Executive in carrying out this program. But I cannot go along with the concept that I should be against the program because I am against some of the decisions that have been made under it.

A basically good program will survive individual mistakes in administration. Furthermore, the only proper forum in which to decide whether mistakes have been made is the forum of the electorate itself.

We have recognized in this bill that institutions built up over decades must be treated carefully. We have written into the measure procedures to give relief to industries which are dislocated and to people who may be hurt by the impact of imports.

In doing this we have maintained the principle of flexibility. We have also lodged responsibility where it clearly belongs.

This bill does not accomplish everything that I would desire. But all legislation is a compromise which must be examined from one standpoint—does it advance the best interests of the United States and its people.

This bill does advance the interests of the United States and its citizens, and I hope it will be quickly and overwhelmingly passed.

A wise man once said that unless trade crosses borders, armies do. We live in a world in which we must find solutions that do not depend upon armies crossing borders. The people are looking for food, clothes, and housing—not for bayonets, bullets and bombs.

I am proud—very proud—of the responsible method pursued by the Senate in resolving this troublesome issue. The facts have been examined with the greatest care. The issues have been resolved according to individual conscience.

I appreciate the dedicated service of the very able chairman of the Senate Finance Committee [Mr. BYRD] and his associate, the ranking minority Member [Mr. MARTIN of Pennsylvania].

I would be less than frank if I did not express my appreciation to the minority leader [Mr. KNOWLAND] for the contribution he has made to this bill during the time it was in committee and while it has been under consideration on the floor of the Senate.

I also express my appreciation to the present distinguished occupant of the

chair [Mr. DOUGLAS], who, in his fearless and intelligent manner, has made a great contribution to the final bill upon which we shall vote in a few moments.

I think we have taken a step which will serve the advancement of our people and the advancement of world peace as well.

To the Senator from Virginia [Mr. BYRD], the Senator from Pennsylvania [Mr. MARTIN], the Senator from California [Mr. KNOWLAND], and the Senator from Illinois [Mr. DOUGLAS], and many others who have made valuable contributions to the bill in an effort to resolve this issue, I express my appreciation and the appreciation of a goodly number of other Members of the Senate.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MARTIN of Pennsylvania. Mr. President, I yield back the remainder of my time.

Mr. JOHNSON of Texas. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired. The question is on the passage of H. R. 12591. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Missouri [Mr. HENNING], the Senator from Florida [Mr. HOLLAND], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business. The Senator from Massachusetts [Mr. KENNEDY] is absent because of illness. The Senator from Arkansas [Mr. McCLELLAN] is unavoidably absent.

I further announce that if present and voting, the Senator from Missouri [Mr. HENNING], the Senator from Florida [Mr. HOLLAND], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Montana [Mr. MURRAY] would each vote "yea."

On this vote the Senator from Texas [Mr. YARBOROUGH] is paired with the Senator from Wyoming [Mr. O'MAHONEY]. If present and voting, the Senator from Texas would vote "yea" and the Senator from Wyoming would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Vermont [Mr. FLANDERS] is necessarily absent, and, if present and voting, would vote "yea."

The result was announced—yeas 72, nays 16, as follows:

YEAS—72

Aiken	Byrd	Cooper
Allott	Capehart	Cotton
Anderson	Carlson	Curtis
Beall	Carroll	Dirksen
Bennett	Case, N. J.	Douglas
Bricker	Case, S. Dak.	Eastland
Bridges	Chavez	Ellender
Bush	Church	Ervin
Butler	Clark	Frear

Fulbright	Kuchel	Potter
Gore	Lausche	Proxmire
Green	Long	Purtell
Hayden	Magnuson	Robertson
Hickenlooper	Mansfield	Saltonstall
Hill	Martin, Iowa	Smathers
Hruska	Martin, Pa.	Smith, Maine
Humphrey	McNamara	Smith, N. J.
Ives	Monroney	Sparkman
Jackson	Morse	Stennis
Javits	Morton	Symington
Johnson, Tex.	Mundt	Thye
Jordan	Neuberger	Watkins
Kefauver	Pastore	Wiley
Knowland	Payne	Williams

NAYS—16

Barrett	Johnston, S. C.	Schoeppel
Bible	Kerr	Talmadge
Dworshak	Langer	Thurmond
Goldwater	Malone	Young
Hoblitzeil	Revercomb	
Jenner	Russell	

NOT VOTING—8

Flanders	Kennedy	O'Mahoney
Hennings	McClellan	Yarborough
Holland	Murray	

So the bill (H. R. 12591) was passed. Mr. KNOWLAND. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, I send to the desk an order which I ask to have read; and I then ask that it be agreed to.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

Ordered, (1) That the bill (H. R. 12591) be printed with the Senate amendments numbered.

(2) That in the engrossment of the amendments of the Senate to the bill the Secretary of the Senate is authorized to make all necessary technical and clerical changes, including changes in section, subsection, paragraph, etc., numbers and letters and cross references thereto.

The PRESIDING OFFICER. Is there objection to the order as read? The Chair hears none, and the order is entered.

Mr. BYRD. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. DOUGLAS in the chair) appointed Mr. BYRD, Mr. KERR, Mr. FREAR, Mr. MARTIN of Pennsylvania, and Mr. WILLIAMS conferees on the part of the Senate.

Mr. HUMPHREY. Mr. President, I hold in my hand an Associated Press item from the news ticker; it deals with the action taken by the Senate on the bill extending the Reciprocal Trade Agreements Act. The item reads as follows:

The President won a smashing victory in a 63 to 27 vote to knock out an amendment which would have curbed his powers over tariffs and trade. Senate supporters of the legislation said the remaining provisions he dislikes could be altered considerably in conference with the House.

Of course, Mr. President, I supported extension of the Reciprocal Trade Agreements Act. I did so because I believed it was in the national interest. I made up my mind to vote against any or all

crippling or curtailing amendments or amendments of limitation.

But I must say that the victory referred to in the press dispatch, although it may be a victory for the President, is essentially a victory for the Nation and I believe, for the rest of the free world.

Furthermore, it is not exactly accurate to say that the President won a smashing victory, when, as I recall, the basic amendment was offered by the distinguished majority leader, the Senator from Texas [Mr. JOHNSON], with support, I say most respectfully, by the distinguished minority leader, the senior Senator from California [Mr. KNOWLAND], and, indeed, with substantial support—and, of course, overwhelming majority support—by other Members of the Senate. So the victory was charted by the leadership here in the Senate. The chairman of the Senate Finance Committee, Senator BYRD, likewise deserves commendation and thanks.

I also pay particular tribute to, and express my thanks for the excellent work of the senior Senator from Illinois [Mr. DOUGLAS], who now is presiding over the Senate. His determined efforts in behalf of the bill and for his dedication to the principle of reciprocal trade never faltered. He has championed the cause of an effective foreign-trade policy.

The same comment could be made about other Members of the Senate—including, for example, the distinguished junior Senator from Tennessee [Mr. GORE], who has been a champion of reciprocal trade.

Mr. President, I point out that the course of victory was charted by the distinguished majority leader [Mr. JOHNSON, of Texas]; it was supported by the distinguished minority leader [Mr. KNOWLAND], and the chairman of the committee and if a victory was won, it was a victory for the Nation, and was won under the generalship of the leaders of the Senate.

COMMITTEE MEETINGS DURING SESSION OF THE SENATE TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be permitted to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). Without objection, it is so ordered.

Mr. MAGNUSON. Mr. President, will the Senator make the same request with respect to the Committee on Interstate and Foreign Commerce?

Mr. JOHNSON of Texas. I make the same request with respect to the Committee on Interstate and Foreign Commerce.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. I will say to the Senator from Washington that that is subject to the approval of the minority leader. I have not yet consulted him about it. If he objects, I shall inform the Senator from Washington.

Mr. LANGER. Mr. President, will the Senator make the same request for the Committee on the Judiciary?

Mr. JOHNSON of Texas. I should like to check the request with the Senator from California [Mr. KNOWLAND], the minority leader. I shall advise the Senator from North Dakota later on his request.

ANNOUNCEMENT OF MEETING OF JOINT COMMITTEE ON ATOMIC ENERGY TOMORROW

Mr. ANDERSON. Mr. President, I should like to announce that the Joint Committee on Atomic Energy will hold a hearing tomorrow morning on the EURATOM proposal, in which the State Department is very much interested, and on which the administration is very eager that hearings be held.

Mr. JOHNSON of Texas. Does it require the consent of the Senate? I do not believe so.

Mr. ANDERSON. We have not asked for permission in the past. I make the announcement for the RECORD.

ORDER FOR ADJOURNMENT TO 10 A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business this evening it stand in adjournment until 10 o'clock tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House insisted upon its amendments to the bill (S. 2069) to amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, in order to promote the development of coal on the public domain, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ASPINALL, Mr. ROGERS of Texas, and Mr. THOMSON of Wyoming were appointed managers on the part of the House at the conference.

LETTER FROM PRESIDENT EISENHOWER TO NIKITA KHRUSHCHEV CONCERNING MAINTENANCE OF A JUST PEACE

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD the letter, made public today, written by the President of the United States to Nikita Khrushchev, chairman of the Council of Ministers of the Union of Soviet Socialist Republics. The letter is strong and forthright. It states the facts as they exist in the Mideast, and the dangers with which the world will be confronted if nations can be nibbled away piece by piece.

I think the Members of Congress and the American people as a whole will be very much interested in reading the full text of the letter.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE.

DEAR MR. CHAIRMAN: I have received your communication of July 19.

May I assure you that the establishment and maintenance of a just peace is the dominant influence in American policy. I cannot agree that the United States has acted in Lebanon in a manner calculated to disturb the peace. Rather it is motivated by the purpose of helping stop acts of violence, fomented from without, designed to destroy the genuine independence and integrity of that small nation. Such a process, if unchecked, would have grave implications for all small nations everywhere.

The manner in which you have chosen to express yourself is hardly calculated to promote the atmosphere of calm reasonableness which, you correctly say, should replace the presently overheated atmosphere.

I am not aware of any factual basis for your extravagantly expressed fear of the danger of general war.

What has happened in regard to Lebanon is this:

On Monday, July 14, the lawful Government of Iraq was violently overthrown. On the same day a comparable plot against the Kingdom of Jordan was discovered and barely thwarted. The Government of Lebanon, which had already for some months been subjected to indirect aggression from without, appealed to the United States for instant assistance. In the light of the developments in neighboring Iraq and Jordan, it felt that nothing less than immediate help would make it possible to preserve the independence and integrity of Lebanon. The United States responded to this appeal. We knew that the plea was based upon solid facts that showed that Lebanon was gravely menaced.

Surely, it is not "aggression" thus to help a small nation maintain its independence.

You speak of "armed conflict in the Near or Middle East." There has been the bloody coup in Iraq, the plot to assassinate those who compose the Government of Jordan, and the civil strife in Lebanon fomented from without. Otherwise, I know of no "armed conflict." Unless those of aggressive disposition are far gone in folly, they would not start war because Lebanon, with a population of about 1½ million, is helped to maintain its integrity and independence. The real danger of war would come if one small nation after another were to be engulfed by expansionist and aggressive forces supported by the Soviet Union.

We do not want to see a repetition of the progressive destruction of the independence of small nations which occurred during the 1930's and which led to the Second World War. To be acquiescent in aggression, be it direct or indirect, is not the road to peace.

This does not mean that the United States is dedicated to a perpetuation of the status quo in the Arab world. The United States recognizes and sympathizes with the yearning of the Arab peoples for a greater nationalistic unity. For example, the United States promptly recognized the United Arab Republic, bringing together Egypt and Syria, as soon as it was apparent that the change was accepted by the people concerned and after the new government had undertaken to meet the normally applied international standards.

But it is one thing to change the international status quo by orderly and peaceful processes, and another thing to change it by

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 24, 1958
For actions of July 23, 1958
85th-2d, No. 124

CONTENTS

Appropriations.....6	Highways.....18	Reclamation.....4,16
Area development.....25	Lands.....30	Research.....27,29
Budgeting.....9	Legislative program.....21	Rice.....11
CCC grains.....3	Marketing quotas.....28	Small business.....7
Civil defense.....12	Minerals.....30	Surplus commodities.....1
Claims.....10	Personnel.....5	Trade agreements.....2
Conservation.....22	Pest control.....27	Water development....14,19
Corn and feed grains....11	Pesticides.....14	Water utilization.....17
Cotton.....11	Public Law 480.....1	Wheat.....28
Economic situation.....20	Public works.....23	Wool.....26
Electrification.....8		
Farm loans.....9		
Farm program.....11,21,24		
Fish and wildlife....14,15		
Foreign aid.....13		
Foreign trade.....1		
Forest products.....29		

HIGHLIGHTS: House passed Public Law 480 bill. Senate debated farm bill. House appointed conferees on reciprocal trade extension bill. Both Houses received proposed bill to provide revolving fund for USDA loans.

HOUSE

1. FOREIGN TRADE; SURPLUS COMMODITIES. Passed under suspension of the rules, 195 to 52, S. 3420, to extend Public Law 480. (pp. 13392, 13435, A6607-08, A6634-35) As passed the bill provides as follows:

Extends titles I and II for 1 year, through June 30, 1959. Authorizes the sale of an additional \$1.5 billion of agricultural surpluses for foreign currencies under title I. Continues the present authorization of \$800 million for donation of surplus commodities to friendly countries under title II. Directs the Secretary to barter or exchange CCC surplus commodities, in an amount not to exceed \$500 million annually, for strategic materials or other materials of which the U. S. does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges, for materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or for materials or equipment required in substantial quantities for offshore construction programs. Prohibits the placing of restrictions, in carrying out barters or exchanges, on countries of the free world into which surplus commodities may be sold,

except where the Secretary has made a specific finding that a transaction will replace a cash sale for dollars. Provides that no material shall be excluded from barter by reason of the fact that it has been domestically processed, if provision is made for the importation of an equivalent amount of similar raw material. Directs the Secretary to assist farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials. Directs other Federal agencies to cooperate with the Secretary in the disposal of surplus commodities by means of barter or exchange. Authorizes the use of foreign currencies acquired under the program, as may be specified from time to time in appropriation acts, for the acquisition of sites and building and grounds abroad for U. S. Government use; financing trade fair participation and related activities; health programs; literacy and technical training programs and similar programs not specifically covered by other provisions of the bill; international educational exchanges; expansion and operation of American-sponsored schools and educational institutions abroad; supporting workshops and chairs in American studies; and financing an expanded program of locating, evaluating, translating, and acquiring foreign books, periodicals, and other publications outside the U. S. which are of scientific, technical, and cultural significance to the U. S. Authorizes the President to make any area under the jurisdiction of administration of the U. S., such as the Trust Islands of the Pacific and the Ryuku Islands, eligible to participate in the surplus commodities disposal and distribution programs under Public Law 480 and Sec. 32 of the act of 1935. Provides that in negotiating agreements for sales of commodities for foreign currencies the President shall take reasonable precautions to assure that such sales will not unduly disrupt normal patterns of commercial trade with friendly countries.

2. TRADE AGREEMENTS. Conferees were appointed on H. R. 12591, to extend the trade agreements authority. Senate conferees have not been appointed. p. 13392
3. CCC GRAINS. A subcommittee of the Agriculture Committee ordered reported H. R. 12555 and H. R. 13268, to authorize CCC to exercise the option of processing or reprocessing CCC stocks of grain, or to purchase commodities in such form in the open market, for donation purposes. p. D725
4. RECLAMATION. The Interior and Insular Affairs Committee "concluded the consideration and amending of H. R. 594, Fryingpan-Arkansas project bill, and ordered a clean bill, incorporating such amendments, reported to the House." p. D726
5. PERSONNEL AWARDS. Passed under suspension of the rules H. R. 488, to provide for the conferring of an award to be known as the Medal for Distinguished Civilian Achievement. p. 13392
6. APPROPRIATIONS. Conferees were appointed on H. R. 13066, the legislative branch appropriation bill for 1959. Senate conferees have not been appointed. p. 13392
7. SMALL BUSINESS. Passed, 131 to 5, with amendments S. 3651, to make equity capital and long-term credit more readily available for small-business concerns. pp. 13392-432
8. ELECTRIFICATION. Rep. Porter discussed the development of hydroelectric power in the Pacific Northwest and stated that "the administration's shortsighted power policy will lead us into a very serious power shortage in the Pacific Northwest." pp. 13435-37

combatant function, by notifying the Congress and then waiting 30 days. To prevent such action required the passage of a law. Under the House bill, a combatant function assigned to one of the military Services pursuant to the roles and missions contained in the National Security Act could have been transferred, reassigned, consolidated, or abolished upon the recommendation of the Secretary of Defense after he had consulted with the Joint Chiefs of Staff with respect to such action and had reported his proposed action to the Congress. However, if one or more of the Joint Chiefs of Staff had objected to the proposed transfer, consolidation, reassignment or abolition, the House bill required the Secretary of Defense to advise the Congress that he proposed to transfer, reassign, consolidate or abolish a major combatant function. In other words, under the House bill, a combatant function became a major combatant function when one or more members of the Joint Chiefs of Staff opposed a proposed transfer, abolition, consolidation or reassignment of a combatant function. Under the House bill when the Secretary of Defense proposed to transfer, reassign, consolidate, or abolish a major combatant function the Congress could have prevented such action by adopting a concurrent resolution in opposition to such action.

Thus, under the House bill, both Houses of the Congress had to act to prevent the consolidation, transfer, reassignment, or abolition of a major combatant function.

Under the Senate amendment, the Secretary of Defense may not substantially transfer, reassign, consolidate or abolish any function established by law to be performed by the Department of Defense or any officer or agency thereof until the expiration of the first period of 30 calendar days of continuous session of the Congress following the date on which the Secretary of Defense reports the pertinent details of the action to be taken to the Armed Services Committees of the Senate and House of Representatives.

Under the Senate amendment either Committee may report a resolution to its House stating that the proposed transfer, reassignment, consolidation, or abolition should be rejected because:

- (1) It contemplates the transfer, reassignment, consolidation or abolition of a major combatant function assigned to the military services by the National Security Act, and
- (2) If carried out, would impair the defense of the United States.

After such a resolution has been reported to either House, the proposed action cannot take place until the expiration of the first period of 40 days of continuous session of the Congress following the date on which the resolution is reported. If either House adopts a resolution in opposition to the proposed action, then the proposed transfer, reassignment, consolidation or abolition cannot be effected.

Under the Senate amendment, such resolutions of disapproval are privileged and a simple majority of either House is sufficient to prohibit the proposed transfer, reassignment, abolition, or consolidation.

The House conferees agreed to the Senate amendment with three modifications. The modifications contained in the conference report deal with the resolution that may be filed by either committee. Under the conference report such resolutions may apply to major combatant functions "now or hereafter" assigned to the military services by the National Security Act. In addition, the resolution shall state that in the judgment of the resolving House, the action, if carried out, would "tend to" impair the defense of the United States.

The words "now or hereafter" are added so as to be applicable to major combatant func-

tions that have now been agreed upon as well as those that may be agreed upon hereafter. Once agreed upon, they should be subject to congressional review.

The words "tend to" were agreed upon since it appears unreasonable to require that the Congress must definitely state that a proposed transfer, abolition, consolidation, or reassignment of a major combatant function would impair the defense of the United States rather than "tend to" impair the defense of the United States. Obviously, no resolution of disapproval will be recommended unless the defense of the United States is involved, but to justify the judgment of the Congress on the grounds that the proposed action flatly "impairs" the defense of the United States requires a finding that might be construed as impugning the motives of the Secretary of Defense.

The only other changes with respect to this portion of the Senate amendment dealing with the transfer, reassignment, consolidation, or abolition of combatant functions deals with the reference to the Reorganization Act of 1949. Under the Senate amendment, any resolution reported to either House shall be treated in the same manner as a resolution with respect to a reorganization plan reported by a Committee within the meaning of the Reorganization Act of 1949.

Since it is the intent of both the House and Senate conferees that a simple majority, rather than a Constitutional majority, is all that is required to approve such a resolution, the conferees agreed to add the language "as in effect on July 1, 1958" with respect to the Reorganization Act of 1949. Prior to the act of September 4, 1957, a Constitutional majority was required to set aside a proposed reorganization plan. Thus reference to the Reorganization Act of 1949 of and by itself might have been construed, at some future date as requiring a Constitutional majority rather than a simple majority as is now the case in the Reorganization Act of 1949, as amended by the act of September 4, 1957.

In addition, under the language agreed to by the conferees, any future changes in the Reorganization Act of 1949 will not affect the simple majority requirement with respect to proposed consolidations, transfers, reassignments, or abolitions of major combatant functions under the conference report.

Thus the provision agreed to with respect to combatant functions recognizes the responsibility of the Congress as provided in the Constitution of the United States. It preserves to the Congress its prerogative of making the final determination as to the military needs and requirements of our nation.

The third area of disagreement deals with the right of the Secretary of a military department, or a member of the Joint Chiefs of Staff to present to the Congress, on his own initiative, after informing the Secretary of Defense, any recommendations relating to the Department of Defense that he may deem proper.

The Senate amendment eliminated this right with respect to a Secretary of a military department, and in addition, the Senate amendment provided that a member of the Joint Chiefs of Staff or the Joint Chiefs of Staff as a body could present to the committees of the Congress, rather than to the Congress, recommendations relating to the security of the United States, rather than recommendations relating to the Department of Defense.

The House bill reenacted the law which has been in existence for the past nine years which provides that a military Secretary and a member of the Joint Chiefs of Staff shall have the right to come to the Congress on

his own initiative, after first advising the Secretary of Defense, with respect to any recommendations relating to the Department of Defense that the military Secretary or member of the Joint Chiefs of Staff deem proper. The Senate conferees agreed to the language that was contained in the House bill. Thus it is a simple repetition of existing law.

Minor changes were also made with respect to the provision dealing with unified or specified combatant commands.

Under the House bill the President with the advice and assistance of the Joint Chiefs of Staff and acting through the Secretary of Defense, was authorized to establish unified and specified combatant commands for the performance of combatant missions.

The Senate amendment contained the same language, but referred to the missions as "strategic" missions. The words "combatant missions" were objected to on the grounds that they carried a connotation of combat, whereas some unified commands, such as those in the Antarctica and other areas, might be considered noncombatant in nature, but of strategic importance. On the other hand, the use of the words "strategic missions" in a strict military interpretation might be interpreted so as to preclude the establishment of tactical missions. The House and Senate conferees agreed to substitute the words "military missions" in lieu of "combatant missions" or "strategic missions." The words "military missions" are sufficiently broad to include combatant missions, strategic missions, and tactical missions.

The Senate amendment, with respect to unified and specified commands, also provided that each military department would be responsible for the administration of the forces assigned from its department to such combatant commands "except when the Secretary of Defense determines that for the purposes of efficiency such responsibility should be assigned to another military department." The House bill permitted the responsibility for the support of forces assigned to combatant commands to be vested in one or more military departments as directed by the Secretary of Defense. However, the House bill did not permit the Secretary of Defense to place the responsibility for the administration of forces from one military department to be placed in the hands of another military department.

There may be times when the support of such combatant commands should be placed in the hands of one military department for the purposes of efficiency and economy, but the administration of such forces carries with it far greater connotations dealing not only with discipline, promotion, and personnel policies, but could conceivably be construed to include almost all policies under which the military department operates and are separately organized. The Senate conferees agreed to the deletion of the words "except when the Secretary of Defense determines that for the purposes of efficiency such responsibility should be assigned to another military department."

The Senate amendment also provides a statutory basis for the National Guard Bureau, including its Chief. The House agreed to this portion of the Senate amendment.

In addition, the Senate amendment provides that the elimination of three Assistant Secretaries of the military departments plus the reduction from 9 to 7 of authorized Assistant Secretaries of Defense, should not become effective until six months after the enactment of this legislation. The House conferees agreed to this provision.

All other provisions of the Senate amendment which were agreed to by the House conferees are technical in nature and deal with

code references, changes in section numbers, and the elimination of unnecessary language.

CARL VINSON,
OVERTON BROOKS,
PAUL J. KILDAY,
CARL DURHAM,
By R. W. S.
L. MENDEL RIVERS,
L. C. ARENDS,
L. H. GAVIN,
JAMES E. VAN ZANDT,
WILLIAM G. BRAY,

Managers on the Part of the House.

AUGUST WIDMER

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 7729) for the relief of August Widmer, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 3, after "act" insert ": Provided further, That the exemption granted herein shall apply only to a ground for exclusion of which the Department of Justice or the Department of State has knowledge prior to the enactment of this act."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

RELIEF OF CERTAIN ALIENS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the resolution (H. J. Res. 589) for the relief of certain aliens, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, strike out lines 3 to 8, inclusive, and insert "That, for the purposes of the Immigration and Nationality Act, Annie Bertha Yarnold shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited or prescribed by section 213 of the said act."

Page 1, strike out line 11 and insert "Ngow Lee), and Maximo C. Angeles."

Page 2, after line 20, insert:

"SEC. 4. For the purposes of the Immigration and Nationality Act, Helen Demouchikous shall be held and considered to have been lawfully admitted to the United States for permanent residence as of September 17, 1948, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

LEGISLATIVE BRANCH, APPROPRIATION BILL, 1959

Mr. NORRELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 13066) making appropriations for the legislative branch for the fiscal year ending June 30, 1959, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. NORRELL, KIRWAN, ROONEY, CANNON, HORAN, BOW, and TABER.

CALL OF THE HOUSE

Mr. SPRINGER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered. The Clerk called the roll, and the following Members failed to answer to their names.

[Roll No. 140]

Ashley	Gordon	Radwan
Bass, Tenn.	Gwinn	Sadlak
Boggs	Hoeven	St. George
Buckley	Hoffman	Shuford
Burdick	James	Smith, Kans.
Dies	Jenkins	Talle
Dowdy	Kearney	Taylor
Eberharter	Minshall	Trimble
Edmondson	Morris	Vursell
Engle	Moulder	Watts
Feighan	Poage	Williams, N. Y.
Friedel	Powell	
Gavin	Prouty	

The SPEAKER. On this rollcall 393 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT OF 1930, AS AMENDED

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. MILLS, GREGORY, FORAND, REED, and SIMPSON of Pennsylvania.

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill, S. 3420, as amended, which the Clerk will report by title.

The Clerk read the title of the bill.

Mr. JUDD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. JUDD. Mr. Speaker, this motion comes under suspension procedure on the bill we considered Monday, so it takes a two-thirds vote to pass it?

The SPEAKER. The Chair thinks that is generally true.

Mr. JUDD. If one-third of the Members of the House—

The SPEAKER. That is not a parliamentary inquiry. The gentleman is trying to make a speech.

The question is: Will the House suspend the rules and pass the bill, S. 3420, as amended?

Mr. JUDD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. JUDD) there were—yeas 195, noes 52.

So, two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

MEDAL FOR DISTINGUISHED CIVILIAN ACHIEVEMENT

The SPEAKER. The further unfinished business is the question on suspending the rules and passing the bill H. R. 488 to provide for the conferring of an award to be known as the Medal for Distinguished Civilian Achievement.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

COMMITTEE ON PUBLIC WORKS

Mr. FALLON. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may have permission to sit this afternoon during general debate.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

HOUSE OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet tomorrow at 11 o'clock a. m.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SMALL BUSINESS INVESTMENT ACT OF 1958

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 618 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 7, 1958
For actions of August 6, 1958
85th-2d, No. 134

CONTENTS

Accounting.....	23,40	
Appropriations.....	7	
Atomic energy.....	10	
Budgeting.....	5,40	
Cornmeal.....	25	
Defense production.....	25	
Economic situation.....	28	
Education.....	9	
Electrification.....	2,26	
Fair trade.....	31	
Farm committeemen.....	25	
Farm loans.....	40	
Farm program.....	1,27	
Federal-State relations.....	22	
Feed.....	1	
Flour.....	25	
Foreign trade.....	3,19	
Fruits and nuts.....	6	
Imports.....	6	
Inspection services.....	13	
Legislative program.....	18,25	
Livestock.....	1	
Meatpackers.....	37	
Military construction.....	8	
Minerals.....	16,24	
Organization.....	2	
Personnel.....	11,39	
Price control.....	38	
Property.....	12	
Public debt.....	4,32	
Public Law 480.....	19	
Reports.....	14	
Research.....	14	
Small business.....	17	
Soil conservation.....	34	
Statehood.....	15,30	
Surplus commodities.....	19	
Surplus property.....	21	
Tobacco.....	20	
Trade agreements.....	29	
Water.....	33,35	
Wheat.....	25	
Wool.....	36	

HIGHLIGHTS: House rejected farm bill. House passed bill to increase public debt limit. House received conference report on trade agreements extension bill. House Rules Committee reported resolution to agree to Senate amendments to accrued expenditures budgeting bill. House committee ordered reported bill to grant REA Administrator more authority. Sen. Humphrey urged long-term extension of Public Law 480. Sen. Ellender introduced bill to provide revolving fund for USDA loans.

HOUSE

- 1. FARM PROGRAM.** Voted, 210 to 186, to suspend the rules and pass S. 4071, the farm bill. Since this was not the required two-thirds vote for passage under suspension of the rules, the bill was rejected. p. 15049
Rep. Anderson stated that food prices are increasing and that he has "predicted time and again consumers do not benefit from legislation and administrative action to depress farm commodity prices." p. 15044
Rep. Harvey discussed the farm situation, particularly with regard to feed and livestock, and urged enactment of legislation for increased research on the industrial utilization of farm products. pp. 15085-89
- 2. ELECTRIFICATION; ORGANIZATION.** The Government Operations Committee ordered reported with amendment H. R. 11762, to provide that Sec. I of the Reorganization Plan No. 2 of 1953, giving the Secretary administrative control over all USDA agencies, shall not hereafter apply to REA. p. D305

3. FOREIGN TRADE. Received the conference report on H. R. 12591, to extend the authority of the President to enter into trade agreements (H. Rept. 2502). As reported the bill, among other things, extends the President's authority to enter into trade agreements for 4 years; restores a House provision that action found and reported by the Tariff Commission in an escape-clause proceeding to be necessary to prevent or remedy serious injury is to take effect if approved by the President or, if disapproved by the President, upon the adoption by both Houses of a concurrent resolution stating that the House and Senate approve the action so found and reported by the Tariff Commission to be necessary and deletes a Senate amendment providing for the establishment of a bipartisan commission, the Commission on International Trade Agreement Policy, to study and recommend improvements in international trade agreement policies. pp. 15083-85-, 15115
4. PUBLIC DEBT. Passed without amendment, 286 to 108, H. R. 13580, to increase the public debt limit to \$285 billion. pp. 15048-49
5. BUDGETING. The Rules Committee reported a resolution to agree to the Senate amendments to H. R. 8002, the accrued expenditures budgeting bill. pp. 15049-50, 15114
6. FRUIT AND NUT IMPORTS. Voted, 136 to 109, to suspend the rules and pass H. R. 11056, to amend the Agricultural Marketing Agreement Act so as to extend restrictions on certain imported citrus fruits, dried fruits, walnuts, and dates. Since this was not the required two-thirds vote for passage under suspension of the rules, the bill was rejected. p. 15050
7. APPROPRIATIONS. Received the conference report on H. R. 12738, the Defense Department appropriation bill for 1959 (H. Rept. 2503). pp. 15081-83
8. MILITARY CONSTRUCTION. Agreed, 256 to 135, to the conference report on H. R. 13015, the military construction authorization bill. pp. 15044-48
9. EDUCATION. The Rules Committee reported a resolution for consideration of H. R. 13247, to strengthen the national defense and to encourage and assist in the expansion and improvement of educational programs to meet critical needs. (pp. 15050, 15114) Rep. Dwyer spoke on the need for enactment of this legislation. (pp. 15106-07)
10. ATOMIC ENERGY. Rep. Holifield criticized the President's statement taking exception to certain provisions of the atomic energy authorization bill, including the development of certain power reactors. pp. 15103-106
11. PERSONNEL. The Government Operations Committee reported without amendment S. 1903, to authorize the payment of transportation expenses for Presidential appointees assigned to duty posts outside the continental U. S. (H. Rept. 2487). p. 15115
The Ways and Means Committee reported without amendment H. R. 11098, to repeal Section 1505 of the Social Security Act to provide that in determining eligibility of Federal employees for unemployment compensation their accrued annual leave shall be treated in accordance with State laws. p. D807
12. PROPERTY. The Government Operations Committee reported without amendment H. R. 13673, to amend the Federal Property and Administrative Services Act to permit donations of surplus property to volunteer fire-fighting organizations (H. Rept. 2494). p. 15115

TRADE AGREEMENTS EXTENSION BILL OF 1958

AUGUST 6, 1958.—Ordered to be printed

Mr. MILLS, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 12591]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 5, 6, 11, 12, 13, 14, 15, 23, 24, 25, and 26.

That the House recede from its disagreement to the amendments of the Senate numbered 16, 17, 18, 19, 20, and 21, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *1962*; and the Senate agree to the same.

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

(1) Paragraph (2) (A) is amended to read as follows:

“(A) Increasing by more than 50 per centum any rate of duty existing on July 1, 1934; except that a specific rate of duty existing on July 1, 1934, may be converted to its ad valorem equivalent based on the value of imports of the article concerned during the calendar year 1934 (determined in the

same manner as provided in subparagraph (D) (ii)) and the proclamation may provide an ad valorem rate of duty not in excess of 50 per centum above such ad valorem equivalent."

And the Senate agree to the same.

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *20*; and the Senate agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *four*; and the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *four*; and the Senate agree to the same.

Amendment numbered 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *four*; and the Senate agree to the same.

Amendment numbered 9:

That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(C) In the case of any decrease in duty to which subparagraph (A) of this paragraph applies (i) no part of a decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year, nor after the first part shall have been in effect for a period or periods aggregating more than three years, and (ii) no part of a decrease shall become initially effective after the expiration of the four-year period which begins on July 1, 1962. If any part of a decrease has become effective, then for the purposes of clauses (i) and (ii) of the preceding sentence any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the three-year period or the four-year period, as the case may be, expires."

And the Senate agree to the same.

Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

(c) *Such subsection (b) is further amended by inserting "(1)" after "(b)" and by adding at the end thereof the following:*

"(2) In each such investigation the Commission shall, to the extent practicable and without excluding other factors, ascertain for the last calendar year preceding the investigation the average invoice price on a country-of-origin basis (converted into currency of the United States in accordance with the provisions of section 522 of the Tariff Act of 1930, as amended) at which the foreign article was sold for export to the United States, and the average prices at which the like or directly competitive domestic articles were sold at wholesale in the principal markets of the United States. The Commission shall also, to the extent practicable, estimate for each article on the list the maximum increase in annual imports which may occur without causing serious injury to the domestic industry producing like or directly competitive articles. The Commission shall request the executive departments and agencies for information in their possession concerning prices and other economic data from the principal supplier foreign country of each such article."

And the Senate agree to the same.

Amendment numbered 22:

That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows:

Page 5, next to the last line, of the Senate engrossed amendments, after "; and any", insert *substantial*; and the Senate agree to the same.

W. D. MILLS,
N. J. GREGORY,
AIME J. FORAND,

Managers on the Part of the House.

HARRY F. BYRD,
ROBT. S. KERR,
J. ALLEN FREAR, Jr.,
EDWARD MARTIN,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: Under the bill as passed the House the period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930 would be extended from the close of June 30, 1958, until the close of June 30, 1963. The Senate amendment provided for a 3-year extension of such period instead of a 5-year extension. The House recedes with an amendment under which the period during which the President is authorized to enter into such agreements under such section 350 is extended for 4 years, from the close of June 30, 1958, until the close of June 30, 1962.

Amendment No. 2: Section 350 (a) (2) (B) of the Tariff Act of 1930 provides that no proclamation shall be made pursuant to section 350 (a) (1) (B) of such act increasing by more than 50 percent any rate of duty existing on January 1, 1945. Under the bill as passed the House the base date for computing permissible increases in duty was changed from January 1, 1945, to July 1, 1934. The Senate amendment also provided for a change of such base date to July 1, 1934, and in addition provided that in the case of a specific duty the proclamation by the President may convert such specific duty as it existed on July 1, 1934, to its ad valorem equivalent based on 1934 value and may increase such ad valorem rate by not more than 50 percent.

Under the conference agreement, the House accepts the substance of the Senate amendment with technical and clarifying changes.

Amendment No. 3: Under the bill as passed the House, in the case of a foreign trade agreement entered into by the President after June 30, 1958, no proclamation could be made decreasing any rate of duty below the lowest of three specified rates. The first of the alternatives specified was the rate which would result from decreasing the rate existing on July 1, 1958, by 25 percent of such rate. The Senate amendment provided for a maximum decrease under this first alternative of 15 percent of the rate existing on July 1, 1958. Under the conference agreement, the limit below which the rate of duty may not be decreased pursuant to the first of the three specified alternatives is the rate which would result from decreasing the rate existing on July 1, 1958, by 20 percent of such rate.

Amendments Nos. 4, 7, and 8: Under the bill as passed the House, any decrease in duty under a foreign trade agreement entered into after June 30, 1958, was to become initially effective in not more than five annual stages. The Senate amendments provided that any such decrease was to become initially effective in not more than three annual stages. Under the conference agreement, such a decrease is to become initially effective in not more than four annual stages.

Amendments Nos. 5 and 6: Under the bill as passed the House, in the case of any decrease in duty under the first of the 3 specified alternative limits (the limit expressed in terms of a percentage of the rate existing on July 1, 1958), no amount of decrease becoming initially effective at one time was, in general, to exceed 10 percent of the rate of duty existing on July 1, 1958. Under the Senate amendments, the maximum amount of decrease under this alternative which could become initially effective at one time was, in general, 5 percent.

The Senate recedes.

Amendment No. 9: Under the bill as passed the House, in the case of any foreign trade agreement entered into after June 30, 1958, under section 350 of the Tariff Act of 1930, no part of a decrease after the first part could become initially effective after the first part had been in effect for a period or periods aggregating more than 4 years. The Senate amendment struck out this provision, but provided that, in the case of any decrease pursuant to the first of the three specified alternative limits (the limit expressed in terms of a percentage of the rate existing on July 1, 1958), no part of any decrease in duty could become initially effective after the 3-year period which begins July 1, 1958.

The House recedes with an amendment. Under the conference agreement—

(1) No part of any decrease shall become initially effective after the first part shall have been in effect for a period or periods aggregating more than 3 years; and

(2) No part of any decrease shall become initially effective after the expiration of the 4-year period which begins on July 1, 1962.

In determining when the 3-year period or the 4-year period mentioned in the preceding sentence expires, there shall be excluded any time (after any part of a decrease has become effective) during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder.

Amendment No. 10: This amendment (for which there is no comparable provision in the bill as passed the House) would have amended section 3 (b) of the Trade Agreements Extension Act of 1951 (relating to the procedure for determining peril points) to provide that—

1. Each investigation of the Tariff Commission shall (without excluding other factors) ascertain the average invoice price (converted into United States currency in accordance with sec. 522 of the Tariff Act) at which the foreign article is sold for export to the United States on a country of origin basis, and the price of like or directly competitive domestic articles when sold at wholesale in the markets of the United States during the last calendar year preceding such investigation.

2. The Tariff Commission is also to estimate the maximum increase in annual imports which may occur without causing injury to the domestic industry producing like or directly competitive articles.

3. The Tariff Commission is to request the executive departments and agencies for information in their possession concerning prices and other economic data from the principal supplier foreign country of each such article.

The conference agreement contains the substance of the Senate amendment with technical and clarifying changes, and a change making it clear that the ascertaining of prices described in paragraph 1 above, and the estimating of maximum increases described in paragraph 2 above, are to be made to the extent practicable.

Amendment No. 11: This amendment (for which there is no comparable provision in the bill as passed the House) would amend the first sentence of section 7 (e) of the Trade Agreements Extension Act of 1951, relating to the definition of the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" for purposes of such 1951 act, to include within such terms "any group of producers of the raw or processed agricultural or horticultural products from which any such products or articles are produced."

The Senate recedes.

Amendment No. 12: This amendment would amend section 7 (a) of the Trade Agreements Extension Act of 1951 (relating to escape-clause proceedings) by striking out the third paragraph thereof and inserting substitute language therefor. The substitute language provided that the Tariff Commission was not to recommend any increased duty which is more than 50 percent above the rate existing on July 1, 1934; except that in the case of a specific duty, the Tariff Commission could convert such specific duty as it existed on July 1, 1934, to its ad valorem equivalent on the basis of 1934 value as found by the Commission, and could recommend that such ad valorem rate be increased by not more than 50 percent.

The Senate recedes. In escape-clause proceedings, the Tariff Commission may recommend to the President any action which the President is authorized to put into effect under section 350. In view of amendment No. 2 the Commission could therefore recommend that the duty be increased in the manner provided in the conference agreement with respect to amendment No. 2.

Amendment No. 13: This is a clerical amendment.

The Senate recedes.

Amendment No. 14: The bill as passed the House amended section 7 (c) of the Trade Agreements Extension Act of 1951 to provide that action found and reported by the Tariff Commission in an escape-clause proceeding to be necessary to prevent or remedy serious injury is to take effect if approved by the President or, if disapproved by the President in whole or in part, upon the adoption by both Houses of the Congress (by the yeas and nays by two-thirds vote of each House) of a concurrent resolution stating, in effect, that the Senate and House of Representatives approve the action so found and reported by the Tariff Commission to be necessary. The House bill also provided a set of rules for the consideration, by the Congress, of concurrent resolutions referred to in the preceding sentence.

Senate amendment No. 14 struck out all the provisions described in the preceding paragraph.

The Senate recedes.

Amendment No. 15: This is a clerical amendment.

The Senate recedes.

Amendment No. 16: This is a technical amendment made necessary by Reorganization Plan No. 1 of 1958. Under this plan the Office of Defense Mobilization and the Federal Civil Defense Administration

were consolidated to form a new agency in the Executive Office of the President to be known as the "Office of Defense and Civilian Mobilization".

The House recedes.

Amendments Nos. 17 and 18: The bill as passed the House made a number of modifications in the existing provisions of law contained in trade agreements legislation and relating to the national security. Under the House bill the Director of the Office of Defense Mobilization is directed, under specified circumstances, to make an appropriate investigation to determine the effects on the national security of imports of an article. If, as a result of such investigation, the Director is of the opinion that the article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall promptly so advise the President and, if the President determines that the article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall take such action, and for such time, as he deems necessary to adjust the imports of such article so that such imports will not threaten to impair the national security.

Senate amendments Nos. 17 and 18 would change the provision as outlined in the preceding paragraph so that, if the President is advised by the Director that, as a result of his investigation, the Director is of the opinion that the article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, the President shall take the required action unless he determines that the article is not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.

The House recedes.

Amendment No. 19: This amendment makes a further change in the provision of the House bill discussed under amendments Nos. 17 and 18. In the provision relating to the determination of the President with respect to national security, the phrase "as set forth in this section" is inserted immediately after "national security".

The House recedes.

Amendment No. 20: This amendment makes a further change in the provisions of the House bill discussed under amendments Nos. 17 and 18. As explained above, the House bill provided that the President, under the specified circumstances—

shall take such action, and for such time, as he deems necessary to adjust the imports of such article so that such imports will not threaten to impair the national security.

This amendment inserts the phrase "and its derivatives" after the word "article" in the language quoted in the preceding sentence.

The House recedes.

Amendment No. 21: This is a clarifying amendment related to amendment No. 19.

The House recedes.

Amendment No. 22: Section 8 (a) of the bill as passed the House added a new subsection (c) to section 2 of the act of July 1, 1954, extending the authority of the President to enter into agreements under section 350 of the Tariff Act. Subsection (c), as contained in

the House bill, provided that, for the purposes of such section 2, the Director of the Office of Defense Mobilization and the President shall, in the light of the requirements of national security and without excluding other relevant factors, give consideration to certain stated factors. Senate amendment No. 22 retains subsection (c) as passed the House, but adds a new sentence. The new sentence provides that in the administration of section 2 of such act of July 1, 1954, as amended by the bill, the Director of Defense and Civilian Mobilization (see amendment No. 16) and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries; and any unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security.

The House recedes with an amendment which inserts "substantial" before the phrase—

unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports.

Amendments Nos. 23 and 24: These are clerical amendments.

The Senate recedes.

Amendment No. 25: This amendment provided for the establishment of a bipartisan commission to be known as the Commission on International Trade Agreement Policy.

The Commission was directed to investigate and report on the international trade agreement policy of the United States and to recommend improvements in policies, measures, and practices. In addition, the Commission was required to consider and report on certain specified matters.

The Senate recedes.

Amendment No. 26: This amendment related to the subject matter of the adjustment of productive activities to the economic conditions created by national trade policy.

The Senate recedes.

W. D. MILLS,
N. J. GREGORY,
AIME J. FORAND,

Managers on the Part of the House.



Amendment No. 55: Reported in disagreement.

GEORGE MAHON,
HARRY R. SHEPPARD,
ROBERT L. F. SIKES,
W. F. NORRELL,
JAMIE L. WHITTEN,
CLARENCE CANNON,
R. B. WIGGLESWORTH,
ERRETT P. SCRIVNER,
GERALD R. FORD, Jr.,
Except as to amendment No. 9.

JOHN TABER,

Managers on the Part of the House.

MICHIGAN PRIMARY

(Mr. RABAUT asked and was given permission to revise and extend his remarks at this point in the RECORD.)

Mr. RABAUT. Mr. Speaker, you will note that I wear on my person today a medallion depicting the seal of the great State of Michigan. And rightfully so, for yesterday the electorate for the sixth time nominated, on the Democratic ticket, a great American to the governorship of the Wolverine State; a man devoted to the people, a humanitarian, a statesman of the highest rank, the Honorable G. Mennen Williams, a resident of my congressional district.

Michigan for years was known as the rock bed of Republicanism. This man, young at heart, and with a devotion of great understanding, is marching forward to a position of greater service and the opportunity will be his in 1960.

TRADE AGREEMENTS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report and statement on the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT No. 2502)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 5, 6, 11, 12, 13, 14, 15, 23, 24, 25, and 26.

That the House recede from its disagreement to the amendments of the Senate numbered 16, 17, 18, 19, 20, and 21, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "1962"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(1) Paragraph (2) (A) is amended to read as follows:

"(A) Increasing by more than 50 per centum any rate of duty existing on July 1, 1934; except that a specific rate of duty existing on July 1, 1934, may be converted to its ad valorem equivalent based on the value of imports of the article concerned during the calendar year 1934 (determined in the same manner as provided in subparagraph (D) (ii)) and the proclamation may provide an ad valorem rate of duty not in excess of 50 per centum above such ad valorem equivalent."

And the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "20"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "four"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "four"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "four"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(C) In case of any decrease in duty to which subparagraph (A) of this paragraph applies (i) no part of a decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year, nor after the first part shall have been in effect for a period or periods aggregating more than three years, and (ii) no part of a decrease shall become initially effective after the expiration of the four-year period which begins on July 1, 1962. If any part of a decrease has become effective, then for the purposes of clauses (i) and (ii) of the preceding sentence any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the three-year period or the four-year period, as the case may be, expires."

And the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) Such subsection (b) is further amended by inserting '(1)' after '(b)' and by adding at the end thereof the following:

"(2) In each such investigation the Commission shall, to the extent practicable and without excluding other factors, ascertain for the last calendar year preceding the investigation the average invoice price on a country-of-origin basis (converted into currency of the United States in accordance with the provisions of section 522 of the Tariff Act of 1930, as amended) at which the foreign article was sold for export to the United States, and the average prices at which the like or directly competitive domestic articles were sold at wholesale in the principal markets of the United States. The Commission shall also, to the extent practicable, estimate for each article on the list the maximum increase in annual imports which may occur without causing serious injury to the domestic industry producing like or directly competitive articles. The Commission shall request the executive departments and agencies for information in their possession concerning prices and other economic data from the principal supplier foreign country of each such article."

And the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: Page 5, next to the last line, of the Senate engrossed amendments, after "and any" insert "substantial"; and the Senate agree to the same.

W. D. MILLS,
N. J. GREGORY,
AIME J. FORAND,

Managers on the Part of the House.

HARRY F. BYRD,
ROBERT S. KERR,
J. ALLEN FREAR, Jr.,
EDWARD MARTIN,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: Under the bill as passed the House, the period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930 would be extended from the close of June 30, 1958, until the close of June 30, 1963. The Senate amendment provided for a 3-year extension of such period instead of a 5-year extension. The House recedes with an amendment under which the period during which the President is authorized to enter into such agreements under such section 350 is extended for 4 years, from the close of June 30, 1958, until the close of June 30, 1962.

Amendment No. 2: Section 350 (a) (2) (B) of the Tariff Act of 1930 provides that no proclamation shall be made pursuant to section 350 (a) (1) (B) of such Act increasing by more than 50 per centum any rate of duty existing on January 1, 1945. Under the bill as passed the House the base date for computing permissible increases in duty was changed from January 1, 1945, to July 1, 1934. The Senate amendment also provided for a change of such base date to July 1, 1934, and in addition provided that in the case of a specific duty the proclamation by the President may convert such specific duty as it existed on July 1, 1934, to its ad valorem equivalent based on 1934 value and

may increase such ad valorem rate by not more than 50 per centum.

Under the conference agreement, the House accepts the substance of the Senate amendment with technical and clarifying changes.

Amendment No. 3: Under the bill as passed the House, in the case of a foreign trade agreement entered into by the President after June 30, 1958, no proclamation could be made decreasing any rate of duty below the lowest of three specified rates. The first of the alternatives specified was the rate which would result from decreasing the rate existing on July 1, 1958, by 25 per centum of such rate. The Senate amendment provided for a maximum decrease under this first alternative of 15 per centum of the rate existing on July 1, 1958. Under the conference agreement, the limit below which the rate of duty may not be decreased pursuant to the first of the three specified alternatives is the rate which would result from decreasing the rate existing on July 1, 1958, by 20 per centum of such rate.

Amendments Nos. 4, 7, and 8: Under the bill as passed the House, any decrease in duty under a foreign trade agreement entered into after June 30, 1958, was to become initially effective in not more than five annual stages. The Senate amendments provided that any such decrease was to become initially effective in not more than three annual stages. Under the conference agreement, such a decrease is to become initially effective in not more than four annual stages.

Amendments Nos. 5 and 6: Under the bill as passed the House, in the case of any decrease in duty under the first of the three specified alternative limits (the limit expressed in terms of a percentage of the rate existing on July 1, 1958), no amount of decrease becoming initially effective at one time was, in general, to exceed 10 percent of the rate of duty existing on July 1, 1958. Under the Senate amendments, the maximum amount of decrease under this alternative which could become initially effective at one time was, in general, 5 percent.

The Senate recedes.

Amendment No. 9: Under the bill as passed the House, in the case of any foreign trade agreement entered into after June 30, 1958, under section 350 of the Tariff Act of 1930, no part of a decrease after the first part could become initially effective after the first part had been in effect for a period or periods aggregating more than 4 years. The Senate amendment struck out this provision, but provided that, in the case of any decrease pursuant to the first of the three specified alternative limits (the limit expressed in terms of a percentage of the rate existing on July 1, 1958), no part of any decrease in duty could become initially effective after the 3-year period which begins July 1, 1958.

The House recedes with an amendment. Under the conference agreement (1) no part of any decrease shall become initially effective after the first part shall have been in effect for a period or periods aggregating more than 3 years; and (2) no part of any decrease shall become initially effective after the expiration of the 4-year period which begins on July 1, 1962.

In determining when the 3-year period or the 4-year period mentioned in the preceding sentence expires, there shall be excluded any time (after any part of a decrease has become effective) during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder.

Amendment No. 10: This amendment (for which there is no comparable provision in the bill as passed the House) would have amended section 3 (b) of the Trade Agreements Extension Act of 1951 (relating to the procedure for determining peril points) to provide that:

1. Each investigation of the Tariff Commission shall (without excluding other factors) ascertain the average invoice price (converted into United States currency in accordance with section 522 of the Tariff Act) at which the foreign article is sold for export to the United States on a country of origin basis, and the price of like or directly competitive domestic articles when sold at wholesale in the markets of the United States during the last calendar year preceding such investigation.

2. The Tariff Commission is also to estimate the maximum increase in annual imports which may occur without causing injury to the domestic industry producing like or directly competitive articles.

3. The Tariff Commission is to request the executive departments and agencies for information in their possession concerning prices and other economic data from the principal supplier foreign country of each such article.

The conference agreement contains the substance of the Senate amendment with technical and clarifying changes, and a change making it clear that the ascertaining of prices described in paragraph 1 above, and the estimating of maximum increases described in paragraph 2 above, are to be made to the extent practicable.

Amendment No. 11: This amendment (for which there is no comparable provision in the bill as passed the House) would amend the first sentence of section 7 (e) of the Trade Agreements Extension Act of 1951, relating to the definition of the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" for purposes of such 1951 act, to include within such terms "any group of producers of the raw or processed agricultural or horticultural products from which any such products or articles are produced."

The Senate recedes.

Amendment No. 12: This amendment would amend section 7 (a) of the Trade Agreements Extension Act of 1951 (relating to escape clause proceedings) by striking out the third paragraph thereof and inserting substitute language therefor. The substitute language provided that the Tariff Commission was not to recommend any increased duty which is more than 50 percent above the rate existing on July 1, 1934; except that in the case of a specific duty, the Tariff Commission could convert such specific duty as it existed on July 1, 1934, to its ad valorem equivalent on the basis of 1934 value as found by the Commission, and could recommend that such ad valorem rate be increased by not more than 50 percent.

The Senate recedes. In escape clause proceedings, the Tariff Commission may recommend to the President any action which the President is authorized to put into effect under section 350. In view of amendment No. 2 the Commission could therefore recommend that the duty be increased in the manner provided, in the conference agreement with respect to amendment No. 2.

Amendment No. 13: This is a clerical amendment. The Senate recedes.

Amendment No. 14: The bill as passed the House amended section 7 (c) of the Trade Agreements Extension Act of 1951 to provide that action found and reported by the Tariff Commission in an escape-clause proceeding to be necessary to prevent or remedy serious injury is to take effect if approved by the President or, if disapproved by the President in whole or in part, upon the adoption by both Houses of the Congress (by the yeas and nays by two-thirds vote of each House) of a concurrent resolution stating, in effect, that the Senate and House of Representatives approve the action so found and reported by the Tariff Commission to be necessary. The House bill also

provided a set of rules for the consideration, by the Congress, of concurrent resolutions referred to in the preceding sentence.

Senate amendment No. 14 struck out all the provisions described in the preceding paragraph. The Senate recedes.

Amendment No. 15: This is a clerical amendment. The Senate recedes.

Amendment No. 16: This is a technical amendment made necessary by Reorganization Plan No. 1 of 1958. Under this plan the Office of Defense Mobilization and the Federal Civil Defense Administration were consolidated to form a new agency in the Executive Office of the President to be known as the "Office of Defense and Civilian Mobilization."

The House recedes.

Amendments Nos. 17 and 18: The bill as passed the House made a number of modifications in the existing provisions of law contained in trade agreements legislation and relating to the national security. Under the House bill the Director of the Office of Defense Mobilization is directed, under specified circumstances, to make an appropriate investigation to determine the effects on the national security of imports of an article. If, as a result of such investigation, the Director is of the opinion that the article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall promptly so advise the President, and, if the President determines that the article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall take such action, and for such time, as he deems necessary to adjust the imports of such article so that such imports will not threaten to impair the national security.

Senate amendments Nos. 17 and 18 would change the provision as outlined in the preceding paragraph so that, if the President is advised by the Director that, as a result of his investigation, the Director is of the opinion that the article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, the President shall take the required action unless he determines that the article is not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.

The House recedes.

Amendment No. 19: This amendment makes a further change in the provision of the House bill discussed under amendments Nos. 17 and 18. In the provision relating to the determination of the President with respect to national security, the phrase "as set forth in this section" is inserted immediately after "national security."

The House recedes.

Amendment No. 20: This amendment makes a further change in the provisions of the House bill discussed under amendments Nos. 17 and 18. As explained above, the House bill provided that the President, under the specified circumstances, "shall take such action, and for such time, as he deems necessary to adjust the imports of such article so that such imports will not threaten to impair the national security." This amendment inserts the phrase "and its derivatives" after the word "article" in the language quoted in the preceding sentence.

The House recedes.

Amendment No. 21: This is a clarifying amendment related to amendment No. 19. The House recedes.

Amendment No. 22: Section 8 (a) of the bill as passed the House added a new subsection (c) to section 2 of the act of July 1, 1954, extending the authority of the President to enter into agreements under section 350 of the Tariff Act. Subsection (c), as contained in the House bill, provided that,

for the purposes of such section 2, the Director of the Office of Defense Mobilization and the President shall, in the light of the requirements of national security and without excluding other relevant factors, give consideration to certain stated factors. Senate amendment No. 22 retains subsection (c) as passed the House, but adds a new sentence. The new sentence provides that in the administration of section 2 of such act of July 1, 1954, as amended by the bill, the Director of Defense and Civilian Mobilization (see amendment No. 16) and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries; and any unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security.

The House recedes with an amendment which inserts "substantial" before the phrase "unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports."

Amendments Nos. 23 and 24: These are clerical amendments. The Senate recedes.

Amendment No. 25: This amendment provided for the establishment of a bipartisan commission to be known as the Commission on International Trade Agreement Policy.

The Commission was directed to investigate and report on the international trade agreement policy of the United States and to recommend improvements in policies, measures, and practices. In addition, the Commission was required to consider and report on certain specified matters.

The Senate recedes.

Amendment No. 26: This amendment related to the subject matter of the adjustment of productive activities to the economic conditions created by national trade policy. The Senate recedes.

W. D. MILLS,
N. J. GREGORY,
AIME J. FORAND,

Managers on the Part of the House.

LEGISLATIVE PROGRAM FOR TOMORROW

(Mr. WEAVER asked and was given permission to address the House for 1 minute.)

Mr. WEAVER. Mr. Speaker, it is my understanding that there is a revision in the program for tomorrow. Can the majority leader inform us about it?

Mr. McCORMACK. Tomorrow, as previously announced, the educational programs bill will come up, but prior to that there will be three conference reports, the first on the trade agreements extension bill, the second on the Defense Department appropriations bill, and the third on the small business bill.

SMALL VESSELS OPERATED BY COOPERATIVES

Mr. BONNER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1798) to amend section 4426 of the Revised Statutes, as amended, with respect to certain small vessels operated by co-

operatives or associations in transporting merchandise of members on a non-profit basis to or from places within the inland waters of southeastern Alaska and Prince Rupert, British Columbia, or to or from places within said inland waters and places within the inland waters of the State of Washington, with a House amendment thereto, insist on the House amendment, and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. BONNER, GARMATZ, BOYKIN, TOLLEFSON, and VAN PELT.

PORTUGUESE REFUGEES OF THE AZORES

(Mr. PHILBIN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PHILBIN. Mr. Speaker, I have introduced H. R. 13627, a bill to provide certain visa quotas for Portuguese refugees of the Azores, who were made homeless by recent natural disasters in their country.

The bill will permit a number of these refugees to come to the United States. It is in keeping with our historic policy of offering a haven and a refuge to the suffering and the oppressed of other lands.

Many of these refugees have relatives living in this country. Many of these fine people reside in my district and State, where they are highly regarded by their neighbors for their honesty, industry, patriotism, and outstanding citizenship. I have unbounded respect and admiration for the Portuguese people. I have close friendships and contacts with a large number of them, who are constituents of mine, and I have always been deeply impressed with their Americanism and unswerving loyalty to the Nation, both in war and in peace.

Most of the Portuguese people in my district reside in Hudson, Mass., where they have made great advancement in the civic, industrial, and professional life of the community. They are an unusually devout and spiritually minded people, devoted in their family life, their friendships and civic responsibilities. I know of no finer Americans than the Portuguese people of my district and State, with whom I have had such cordial and friendly relations during my public career. I am much indebted to them for their invariable support and cooperation and the sterling character of their patriotism and loyal citizenship.

I can well understand their deep concern for their overseas brethren, and I am exceedingly anxious to help alleviate the unfortunate conditions that now afflict them because of the loss of their homes in the Azores.

The nation has acted in previous instances to help people similarly afflicted. Only recently we passed laws allowing admission to the United States of very many Hungarian refugees, who had been crushed and driven from their homes by ruthless Soviet tyranny.

This bill, as proposed by me, would authorize the issuance of 1,500 special nonquota-immigrant visas to Portuguese aliens, their wives and unmarried sons and daughters under 21 years of age, including stepsons or stepdaughters and sons or daughters adopted prior to July 1, 1953, if accompanying them to this country.

Such visas, as provided, would be issued only to nationals or citizens of Portugal, who, because of natural calamity in the Azores Islands subsequent to January 1, 1958, are out of their usual place of abode in such islands and unable to return to their homes and who are in urgent need of assistance for the essentials of life.

The bill permits United States consular offices abroad to issue visas to these people when they are found eligible under the provisions of the Immigration and Nationality Act.

I cannot conceive of more worthy legislation or a more deserving people in whose behalf it is proposed to enact it, and I trust that, notwithstanding the imminent adjournment of Congress, my distinguished colleagues on the House Judiciary Committee will exert every effort in compassion and justice to favorably report this bill to the House for passage. The bill is being ably sponsored and guided in the other body by my distinguished friends, Senator JOHN F. KENNEDY and Senator JOHN O. PASTORE.

CORRECTION OF RECORD

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to revise and correct an inadvertent statement that was contained in my speech on reciprocal trade agreements of July 10, 1958, which appeared in the RECORD for July 12, at page A5389, in the fourth paragraph of the right-hand column on said page. After the words "our once prosperous industry," strike the next sentence and substitute the following:

"The Waltham Watch Co., in Massachusetts, a long-established business with a product known throughout the world, and other American watch companies, have suffered and have in some way been adversely affected by almost unrestricted imports."

The SPEAKER. Without objection, the permanent RECORD will be corrected accordingly.

There was no objection.

FARM PROGRAM

(Mr. HARVEY asked and was given permission to extend his remarks at this point in the RECORD and include extraneous matter.)

Mr. HARVEY. Mr. Speaker, no area of domestic legislation is more complex than that of agriculture. This fact, I feel sure, explains in large measure the difficulties encountered in the effort to draft a fair and effective farm program.

Most of our colleagues will agree that as far back as they can recall, the Congress has been periodically engaged in the search for sound farm legislation. The 85th Congress has been no exception in its repeated efforts to formulate one or more proposals aimed at meeting

major problems in United States agriculture. To its credit, the 1958 session of Congress has contributed materially to what most authorities confidently hope will constitute a better long-range farm outlook than has been previously achieved in postwar legislation.

Here and now, it should be noted that war and farm crises are closely associated. So far as recent agricultural history is concerned, no plague of nature was ever so violent in its aftermath on America's rural economy as have been our 20th century armed conflicts. With resurging force, each successive war emergency has put our conventional farm economy to the test—first by imposing an insatiable demand for food and fiber, then almost overnight switching to a transitional period of returning peacetime conditions with a steadily declining demand for farm products both at home and abroad. With one, of course, has been skyrocketing prices for all the farmer could sell, and with the other persistently high prices for all he must buy. Still other peacetime problems have come to include the investment made in land of inflated valuation, purchase of machinery and extra equipment at wartime prices, and a generally higher level of financial obligations at the very time income is diminishing. The realities of this economic stress, followed sooner or later by a depression originating on the farm, led earlier Congresses to the concept of parity. Coupled with this cost-of-doing-business yardstick for the farmer was the obvious device of attaining such a goal through limited planting and a guaranteed minimum price for basic commodities so produced. With only minor exceptions, it may be fairly said that parity has been the starting point of most major farm programs evolved in the last 20 years.

In this connection, I turn to consideration of our great Midwest agricultural industry as represented by my State of Indiana. For most Hoosiers, of course, no phase of our diversified farming means more than our corn-and-hog economy. It is the backbone of whatever prosperity we can achieve.

To the uninitiated, it should be borne in mind that while it is the most universally harvested crop in America, corn is not marketed in the same way as wheat, cotton, tobacco, or rice. Very little corn is marketed direct from the field. It instead goes to market as livestock. Thus in the course of time, as farm problems became widely debated, we of the Midwest came to accept the theory that by limiting the production of corn, and putting a floor under the price of it, we could stabilize and sustain the price of livestock. And by and large, this simple formula, carrying with it no serious penalties, proved remarkably successful through the years.

As a matter of fact, the grain and livestock market maintained such a fine degree of natural balance that the majority of growers who complied with acreage restriction for guaranteed prices was that small segment known as cash corn producers. Their area of operation centers around Chicago, since that Great Lakes point is the world's largest marketing center for grain products of

all kinds. The establishment of a floor under grain, especially corn, had the tendency of "making the market" so far as livestock prices were concerned. They, in turn, constitute more than three-fourths of all farm income in my section of the country.

In the press and elsewhere, it has been frequently noted that livestock farmers are not interested in farm legislation. As evidence of this, figures are quoted to show that few of them comply with corn and feed grain limitations. This, however, is an erroneous conclusion because the average hog or beef farmer does not regard corn production as his source of income. He instead converts his corn, supplemented by other high-protein feeds, into livestock, and livestock becomes his source of income. For this reason many Midwest farmers are not too much concerned with the market price of corn, and a substantial number may not even sense the direct relationship between the support program for corn and the prices they receive for their livestock. Nonetheless, the effect has been real and it accounted for some years of unprecedented prosperity in livestock farming.

To be sure, not every year has been a good one, and livestock prices do follow a cycle. All livestock men, aware of this, take it in stride. For example, the normal cycle of hogs will run approximately 4 years—this period being one of slight but rising over-production, with a consequent gradual decline in price, climaxed by a significant reduction in numbers and a resultant increase in price. A similar but longer cycle operates in the beef industry.

We of the grain and livestock section are now experiencing a highly favorable market. It has been brought about by unusual circumstances. Not only are the beef and hog cycles running together near their peaks, but the consumption of both meats are at an all-time high of more than 80 pounds each per year for every American.

At this point it might well be noted that only a small percentage of our grain and livestock production goes abroad. By sharp contrast as much as half of our wheat and cotton output may go into export channels.

I come now to that part of my discussion which pertains to the menacing situation that has developed in our grain and livestock picture. The natural balance that long prevailed in terms of human consumption is threatened by an excess of feed grains coming in larger and larger volume from new areas.

Thousands of acres once devoted to wartime wheat and cotton production have been idled during recent years, due in part to our loss of overseas markets. Their owners, assisted by State experimental stations, sought new products to utilize the diverted acres and bolster income. One important new product now felt in the grain trade is grain sorghum. It is not a new crop, but the plant breeders have come up with a new variety—a hybrid more desirable than the old type of sorghum used chiefly as a forage crop in the Great Plains area. This new crop can be seeded and har-

vested largely with the same equipment the farmer has available to him and in many instances is fully competitive with wheat from an income standpoint.

Grain sorghum is not as desirable as corn to feed as a whole grain, but it can be crushed and mixed with other proteins as a livestock feed and then becomes fully competitive. For this reason we of the Midwest find ourselves facing a problem new to us. We know that the production of greater quantities of feed grain must inevitably result in the production of greater amounts of livestock, and since meat is a perishable, it must be placed on the market almost immediately. We therefore are faced with a problem for which no easy solution is presently in sight.

All this, it should be apparent, serves to explain why there has been so much dissension within the feed grain livestock belt over the type of farm program we should have. Regardless of the program which finally evolves we all must realize that we may experience demoralizingly low prices in the livestock industry in the years ahead and they could result in extreme hardship for this great segment of agriculture.

I also would like to point out that the western livestock producer, particularly the producer of feeder cattle, is as directly involved in this program as the livestock feeder, for a period of depressed livestock prices will inescapably be reflected in the price of feeder cattle the range producer sends to market.

I have here among comments which I desire to include in the RECORD excerpts from newspaper articles. One, entitled "Farm Officials Concerned by Big Buildup of Meat Animals," touches upon the serious problem we now are facing. It also quotes Secretary of Agriculture Benson's views of what may happen if we increase our already heavy supply of livestock. While his warning, of course, is timely, I think it is evident that the farmer is not in position in many instances to govern the situation; for while he may not actually increase his production, the new grain coming into the picture must ultimately find its way to market by way of livestock; and unless some method is devised to utilize the surplus, it will depress the livestock market.

The article follows:

FARM OFFICIALS CONCERNED BY BIG BUILDUP OF MEAT ANIMALS

(By Ovid A. Martin)

WASHINGTON.—Federal farm officials are beginning to show some concern over a possible big buildup of meat animals on farms.

Taking note of a recent survey forecasting a 14-percent increase in the size of the fall pig crop, Secretary of Agriculture Benson has issued a statement warning producers against possible overexpansion.

The Agricultural Marketing Service issued a report showing there were 16 percent more beef cattle on feed for the slaughter market on July 1 in 13 major feeding States than a year earlier.

This report indicated that many feeders have been holding meat animals on farms longer than normal at this season of the year. They are feeding them to heavier weights than usually would be the case. They apparently are encouraged to do this by the present favorable price situation.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 8, 1958
For actions of August 7, 1958
85th-2d, No. 135

CONTENTS

Acreage allotments.....	36	Inspection services.....	10	School lunch.....	39
Annual leave.....	9	International		School milk.....	39
Appropriations.....	5,23,39	organizations.....	9	Seed wheat.....	19
Area redevelopment.....	2	Legislative program.....	15,30	Small business.....	4,28
Budgetary reserves.....	5	Manpower utilization.....	9	Social security.....	34
CCC.....	20	Margarine.....	25	Surplus commodities.....	20,39
Contracts.....	7	Minerals.....	3,22	TVA.....	31
Cornmeal.....	20	Onion futures.....	17	Unemployment	
Cotton.....	16,35	Peanuts.....	36	compensation.....	9
Desert land entries.....	24	Personnel.....	9,26,38	Wheat.....	19
Economic situation.....	29	Reclamation.....	12,24	Wildlife.....	37
Education.....	8,33	Rep. Hill.....	14	Wool.....	21
Electrification.....	13				
Fair trade.....	32				
Farm program.....	16				
Farmer committees.....	13				
Financial management.....	9				
Flour.....	20				
Foreign trade.....	1,20				
Forestry.....	11,27				
Imports.....	6				

HIGHLIGHTS; House agreed to conference report to extend trade agreements authority. Sens. Aiken and Stennis urged compromise on the farm bill. Senate debated bill to revise procedures for election of CSS farmer committeemen. Senate agreed to conference report on bill prohibiting onion futures trading. Sens. Proxmire and Humphrey criticized farm program and size of USDA budget. House Rules Committee cleared area redevelopment bill. Both Houses agreed to conference report on Defense Department appropriation bill. Sen. Anderson submitted and discussed measure to re-establish acreage allotments and price support levels for 1959 upland cotton.

HOUSE

1. FOREIGN TRADE. Agreed, 161 to 56, to the conference report on H. R. 12591, to extend the authority of the President to enter into trade agreements. PP. 15170-76
2. AREA REDEVELOPMENT. The Rules Committee granted a rule for consideration of S. 3683, to establish an effective program to alleviate conditions of substantial and persistent unemployment in certain economically depressed areas. p. D814
3. MINERALS. The Rules Committee announced agreement to hold hearings on S. 4036, to provide stabilization payments to certain mineral producers. p. D814
Agreed to the conference report on S. 2069, to amend the Mineral Leasing Act so as to promote the development of coal on the public domain. p. 15186

4. **SMALL BUSINESS.** Agreed to the conference report on S. 3651, to make equity capital and long-term credit more readily available for small-business concerns pp. 15182-86
5. **APPROPRIATIONS.** Both Houses agreed to the conference report on H. R. 12738, the Defense Department appropriation bill for 1959, and acted on amendments in disagreement. This bill will now be sent to the President. pp. 14176-82, 15146-7 (The conferees deleted the requirement for reports on budgetary reserves, but requested that the Budget Bureau arrange for such reports.)
6. **IMPORTS.** Agreed to the conference report on H. R. 6006, to provide for greater certainty, speed, and efficiency in the enforcement of the Antidumping Act. pp. 15186-87
7. **CONTRACTS.** Passed as reported H. R. 11749, to extend the Renegotiation Act of 1951 for 6 months, until June 30, 1959. pp. 15188-89
8. **EDUCATION.** Began debate on H. R. 13247, the national defense education bill, after agreeing, 265 to 108, to a Rules Committee resolution for debate on the bill. pp. 15192-218
9. **PERSONNEL.** The Post Office and Civil Service Committee reported H. R. 9407, with amendment, to provide additional opportunity for certain employees to obtain career-conditional and career appointments in the competitive service (H. Rept. 2506); and S. 4004, without amendment, to encourage transfers of Federal employees for service with international organizations (H. Rept. 2509). p. 15231
The Foreign Affairs Committee reported with amendment S. 3195, to authorize certain retired Federal personnel to accept and wear decorations, presents, and other things tendered them by certain foreign countries (H. Rept. 2521). p. 15232
The Post Office and Civil Service Committee issued a report on the study of manpower utilization in financial management functions in the Federal Government (H. Rept. 2512). p. 15232
The Ways and Means Committee reported without amendment H. R. 11908, to repeal Sec. 1505 of the Social Security Act so that in determining eligibility of Federal employees for unemployment compensation their accrued annual leave shall be treated in accordance with State laws (H. Rept. 2515). p. 15232
10. **INSPECTION SERVICES.** The Government Operations Committee reported without amendment S. 3873, to permit the interchange of inspection services between executive agencies without reimbursement or transfer of funds (H. Rept. 2508). p. 15231
11. **FORESTRY.** The Interior and Insular Affairs Committee reported without amendment H. R. 12242, to authorize the sale or exchange of certain Forest Service lands in Pima County, Ariz. (H. Rept. 2523). p. 15232
12. **RECLAMATION.** The Interior and Insular Affairs Committee ordered reported H. R. 12889, to construct the San Luis unit of the Central Valley project, Calif.; and H. J. Res. 585, to authorize studies and a report on service to certain California counties from the Central Valley project. p. D814
13. **ELECTRIFICATION.** The Rules Committee adopted a motion to reconsider previous action of having tabled hearing to consider the granting of a rule on S. 1869, to authorize the TVA to issue and sell bonds to assist in the financing of its power programs. p. D814

In the committee of conference it was agreed that the House would recede from its amendment.

FRANCIS E. WALTER,
FRANK CHELF,
DEWITT S. HYDE,

Managers on the Part of the House.

Mr. WALTER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill S. 2239.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. MARTIN. Reserving the right to object, Mr. Speaker, will the gentleman tell the House whether this has been taken up with the gentleman from New York [Mr. KEATING] and the other Republican members of the committee?

Mr. WALTER. This is a conference report signed by the ranking members of the committee.

Mr. MARTIN. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

SUSPENSION OF THE RULES

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it be in order on Monday next for the Speaker to recognize Members to move to suspend the rules.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. MARTIN. Reserving the right to object, Mr. Speaker, I make this reservation because I think if we are going to keep on suspending the rules on all sorts of legislation the House should have some information as to why we are doing this. I understand one of the leaders on the other side of the Capitol went home yesterday for a week. I sympathize with him that his mother is ill, but that probably means we cannot adjourn this month. If we are going to stay here, let us proceed in the regular way and without hurried consideration of important legislation.

Mr. McCORMACK. I had previously talked to the gentleman about this.

Mr. MARTIN. The gentleman has talked to me, and I am not going to object to this request, but I do take this opportunity to make a statement. We have worked overtime in the hope of adjournment. If this is not our objective, then we should proceed in the orderly way.

Mr. McCORMACK. I have no comment on that.

Mr. MARTIN. I am going to withdraw my reservation of the right to object to this request, and hope it will be granted, but I did want to secure an understanding as to what are the plans. Certainly we are entitled to know.

Mr. GROSS. Further reserving the right to object, Mr. Speaker, how many bills will come up Monday under sus-

pension of the rules, under this forced-draft method of legislating?

Mr. McCORMACK. I will not discuss the gentleman's forced-draft reference, but these are bills in which Members are interested. The leadership is trying to cooperate with the Members on both sides who are interested. Any bills taken up under this procedure would have to be cleared with the gentleman from Massachusetts [Mr. MARTIN]. I will make the announcement as to what bills will come up under suspension tomorrow, after clearing them with the Speaker and the gentleman from Massachusetts [Mr. MARTIN], in adequate time for Members to know what they are.

Mr. MARTIN. I may say that the bills the gentleman has already suggested to me are all right to come up under suspension, and I have no objection. I repeat I wanted to take the opportunity to see if we could not clarify our position as to the future plans. If it is necessary to go away for 3 or 4 weeks and come back, that is all right with me, or if we take a recess and come back after election; we can easily finish our program next week, but it is discouraging to see a whole day at this time given over in another body to District of Columbia home rule.

Mr. McCORMACK. On the basic remarks made by the gentleman about getting away, projecting my mind that the Committee on Rules will report out some rules, and they have been very cooperative, I want to say that, as far as the House is concerned, we could clean up our business pretty much in the next 10 days, the next week, probably, but the next 10 days, anyway.

Mr. GROSS. Further reserving the right to object, Mr. Speaker, I think we ought to have some idea about what bills will be called up. What may not be controversial legislation to one person or half a dozen persons may be highly controversial to a similar number of persons. I think before we open the door wide to suspensions we ought to have some idea of what is coming up. The distinguished majority leader has been here many years longer than I have, but suspension of the rules is a harsh way to legislate because Members cannot offer amendments to a bill; they can only vote a bill up or down under that procedure. I am not going to object, but I would like to know in the future what bills are coming up before too many days are set aside for suspensions.

Mr. McCORMACK. The gentleman from Massachusetts cannot contact each individual Member of the House on these suspensions.

Mr. GROSS. Of course, I understand that.

Mr. McCORMACK. If I talk to one Member then I am going to talk to every Member. I feel that that would be my obligation. I thoroughly respect the gentleman from Iowa, as he knows, but if I were to submit to him beforehand whatever information was available as to what bills were coming up under suspension of the rules, I would then feel an obligation, of course, to speak to every Member of the House. The only

thing I can do is to confer with the gentleman from Massachusetts and, of course, confer with the Speaker of the House. We go over these matters. When any Member comes to me on a suspension, I tell them first of all it is the right of the Speaker of the House to recognize Members on a motion to suspend the rules, and I tell them they have to consult with the Speaker and get his consent, and then confer with the ranking Republican member of the committee out of which the bill comes, to talk with the minority leader and give him their views.

Mr. GROSS. Of course, the gentleman from Massachusetts knows that I do not expect him to clear bills with me, but I do think it would be well if the gentleman knows what is going to be brought up, he could very well apprise the membership of the House of the legislation that he would bring up under suspension on Monday.

Mr. McCORMACK. I said that I would make an announcement of the bills tomorrow, if the unanimous-consent request I have made is granted.

Mr. MARTIN. I must say that the gentleman from Massachusetts, the majority leader has been eminently fair.

Mr. GROSS. That is right. I certainly concur with the distinguished minority leader in that statement.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

There was no objection.

PRIVATE CALENDAR TO BE CALLED ON WEDNESDAY NEXT

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it may be in order to call the Private Calendar on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of next week be dispensed.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CALL OF THE HOUSE

Mr. LIPSCOMB. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 158]

Adair	Edmondson	Michel
Anderson	Everett	Morris
Mont,	Evins	Moss
Baring	Friedel	Pillion
Bass, Tenn.	Fulton	Powell
Blitch	Garmatz	Preston
Bonner	Gordon	Radwan
Brooks, La.	Gray	Reece, Tenn.
Buckley	Gregory	Robison, N. Y.
Burdick	Gubser	Shuford
Carnahan	Hull	Sieminski
Christopher	Jenkins	Smith, Kans.
Clark	Kearney	Smith, Va.
Colmer	Kilburn	Spence
Davis, Tenn.	Lesinski	Whitten
Dawson, Ill.	Loser	Wilson, Ind.
Dies	McIntire	Winstead
Eberhart	Mason	

The SPEAKER. On this rollcall 379 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

TRADE AGREEMENTS EXTENSION BILL OF 1958

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 6, 1958.)

Mr. MILLS. Mr. Speaker, I yield myself 7 minutes.

Mr. Speaker, the managers on the part of the House are presenting to the House this afternoon a conference report on H. R. 1259, the trade agreements extension bill of 1958, resolving the differences that existed between the bill as it passed the House and the bill as it passed the Senate.

This conference report is truly a compromise. On the essential feature of the legislation, namely, the term of the extension and the amount of authority, the compromise is clear. Instead of the Senate or the House receding to the position of the other body with respect to either the duration or the extent of the authority to reduce, the conferees have agreed to split the difference in each instance between the House and Senate versions. There are some provisions in the conference report which I personally would not have recommended.

TERM OF EXTENSION OF THE PRESIDENT'S AUTHORITY

The authority of the President to enter into trade agreements would be extended for a period of 4 years under the conference report. You will recall that when the bill passed the House by a rather overwhelming majority it contained a 5-year-extension authority. The Senate bill contained a 3-year-extension authority. The extension for a period of 4 years reflects

an important consideration which the House had in mind in enacting a 5-year extension; that is that a 4-year extension is the minimum needed to permit the President to enter into and consummate a trade agreement with the European Common Market and with the free-trade-area countries, should the free-trade area come into being. Had the extension been for a term of 3 years it would not have been possible to make such a trade agreement by virtue of the timetable that has already been established under the Common Market Treaty. In urging that the term of the extension be for a period of 5 years we had in mind the possibility of contingencies arising which would militate in favor of an additional year over and above the 4-year basic minimum that was required. One cannot foresee at this time whether such contingencies will in fact arise. At this time it appears that 4 years is adequate. Should they, however, arise in the future before the expiration of the 4-year period, the President can request and the Congress can agree, as it has in the past, to a further extension of the President's authority.

TARIFF REDUCTION AUTHORITY

The provision of the House bill relating to the authority conferred on the President to reduce duties pursuant to trade agreements was modified by the Senate bill in two respects. First, whereas the House bill authorized, with respect to the first alternative authority, reductions in rates of duty by as much as 25 percent below the present level, the Senate bill authorized reductions of 15 percent. Second, whereas the House bill provided that this 25-percent authority would not diminish year by year over the 5-year period within which the President was authorized to negotiate trade agreements, the Senate bill provided that the 15-percent authority would lapse at a rate of 5 percent a year within the 3-year period within which the President was authorized to negotiate trade agreements. In order to negotiate an effective trade agreement as contemplated, it is necessary that the President have adequate authority to do so and, second, that he be able to use the authority without any part of it lapsing within the period in which he could negotiate trade agreements. The conferees agreed on an authority of 20 percent, the arithmetic difference between the two Houses. In addition they agreed to permit this authority to be used without diminution through the 4-year period of the President's authority so that all of it could be used in the negotiation of trade agreements at any time within the 4-year period.

There were additional modifications made with respect to the period within which the reductions could go into effect. Whereas the House bill provided for a 5-year period, this was reduced to a 4-year period. Moreover, whereas the House bill did not specify when this 4-year period would terminate, the conferees agreed that it should terminate 4 years after the period in which the President could enter into trade agree-

ments terminated, in other words, 4 years following June 30, 1962.

To summarize, the President is authorized to enter into trade agreements during the period from close of June 30, 1958, until close of June 30, 1962, and the reductions agreed upon pursuant to such trade agreements can be put into effect by stages until the close of June 30, 1966.

The authority to reduce by 20 percent does not, of course, mean an automatic across-the-board reduction in duties by 20 percent. As all of us are aware, it means a reduction in duties in some instances by as much as 20 percent. In other instances the duty would not be reduced that much because to reduce it by the full 20 percent would involve a reduction below the peril point which is set for the purpose of guiding the President in negotiating reductions. There is nothing in the law, of course, that prevents the President from going below the peril point. However, in the event he does, it is necessary for him to so advise the Congress. No duty, so I am reliably informed, has been cut below the peril point in connection with any of the agreements that have been negotiated during the course of the operation of this program by the present administration.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield.

Mr. BAILEY. Does the gentleman understand that the authority given to the President to reduce import duties 20 percent would not apply except in adjudication of differences in the free market area?

Mr. MILLS. No; it is not limited solely to use in the negotiation of a trade agreement with the common market. It is available to the President to use under his general authority to negotiate agreements.

Mr. BAILEY. But, he can apply it to any item?

Mr. MILLS. To any item. But the point I am trying to bring out, as my friend, the gentleman from West Virginia well knows, is that we have advised the President in legislation that has heretofore been passed against reducing any duty below a peril point and we call upon him to advise us in the instances where he does. As the gentleman knows no duties have been reduced below the peril point in the course of the negotiations conducted by this administration or since that provision went into the law.

Mr. Speaker, there are other provisions in the conference report that were not in the bill, as it passed the House. But, the main and important part of it, of course, is that part which I have just discussed, the part that is here to do a job which was described to us as necessary of accomplishment when we had this matter before us some weeks ago. It could be said that the job is still there; that the necessity for performing this chore still remains; that in this conference report we may have fixed our sights just a little bit lower by reducing the time; and we may have removed some of the powder from the cartridge itself by reducing the author-

ity from 25 percent to 20 percent. But the essential job can still be accomplished under this conference report.

I was very much interested in knowing whether or not all these reports that have been coming to me about the dissatisfaction of the administration with respect to the 4-year extension and the 20-percent authority were true, and I asked for information from a source of the highest authority in the administration.

I received a letter this morning from the President dated August 7, in which he says:

I have just received reports concerning the results of the conference on the reciprocal trade legislation. While the conference report does not contain everything that I deemed desirable, I thought you might like to know that it is, nevertheless, acceptable to me.

There are provisions which the Senate added that I referred to that I have not yet discussed with the House. They were provisions that the Senate intended, I am sure, to offer a degree of protection to industries in the United States that might be injured or faced with injury. We have in most instances, with some modification, accepted these provisions of the Senate bill, because all of us are sincere in our desire that this program be carried out in its administration in such a way as to not bring serious injury to a great segment of our country.

NATIONAL SECURITY AMENDMENT

The language of the existing national security provisions, which was substantially amended by the House bill, was further amended by the Senate. The conference agreed to all the Senate amendments with one change. The Senate amendments effected the following modifications in the provision as adopted by the House:

First. Whereas the House bill in effect called on the Director of the Office of Defense and Civilian Mobilization to advise the President whenever he was of the opinion that an article was being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security and the President was required to make a determination to this effect before taking such action as he deemed necessary, the Senate bill would make the opinion of the Director controlling unless the President determined that the article in question was not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security. This revision does not involve a material change in the House language. It must be recognized that the Director of the ODCM is a member of the Executive Office of the President and thus enjoys a closer relationship with the President than does the head of an Executive Department. This being the case and given the overriding responsibilities that the President has with respect to matters affecting the national security of the United States, it is the President in the final analysis who must make the final decision with respect to matters relating to the national se-

curity on the basis of the best advice and counsel that is available to him. The Senate amendment does not affect the powers of the President in this respect.

Second. The Senate also amended the provision so that when the President makes a determination as to whether imports of a particular article threaten to impair the national security he shall make his determination with respect to impairment of the national security as set forth in this section and will take such action as he deems necessary with respect to imports so that imports will not so threaten to impair the national security. Since the considerations which are set forth in the section which the President—as well as the Director of the ODCM—is asked to examine in making any determination are not restricted and do not exclude the consideration of other relevant matters in addition to the matters specifically set forth, this additional language does not restrict in any degree the President's discretion and authority.

Third. The Senate further authorized the President that if he should take such action as he deems necessary to adjust the imports of the particular article, he may also adjust the imports of its derivatives. The effect of the addition of the language with respect to derivatives in the statute serves the same purpose as the expression of intent on the part of the Committee on Ways and Means which was elaborated in a colloquy between the gentleman from Texas [Mr. IKARD] and myself on the floor of the House when the legislation was under consideration by the House. At that time, in response to an inquiry from the gentleman from Texas, I observed that prudent administration of this provision of the law would require that, if action in the interest of national security is indicated with respect to the imports of a particular article, it would follow that appropriate action with respect to the derivatives of such article would also be in order if it has been found that the imports of such derivatives would have the effect of threatening to impair the national security.

Four. The Senate also added general language to the language in the House bill relating to the factors and considerations which the President and the Director shall take into account in the administration of the national security provision. This language points out that the national security of the country is closely tied to its internal economic welfare and, therefore, that, with out excluding other factors, consideration should be given to the impact of foreign competition on the economic welfare of individual domestic industries and to the serious effects on the national security that might result from the displacement of domestic products by excessive imports. With respect to one of the factors to be looked at, the conferees agreed to add the modifying adjective substantial before specifying the various factors mentioned.

It should be recognized that in this critical, complex and dynamic area of national policy it would be impossible to set forth in legislation all the factors,

in their order of importance, which relate to the administration of the national security provision. By setting forth certain considerations in the House bill it was not intended, as I have noted, to exclude any other factors from being taken into account. Thus, the Senate added another set of factors which are to be taken account of in the administration of the national security provision without limiting the President or restricting his authority in any respect. It was in recognition of the importance of this aspect of the legislation and of the importance of trade policy to the national security that the legislation contains a provision calling on the Director of the ODCM to prepare a report with the advice and consultation of the other appropriate departments and agencies of the Government and with the approval of the President on the administration of this section and to submit such a report by February 1, 1959. The Director is instructed to explore the whole range of issues involved in this area of national policy and to report to the Congress on a wide range of matters involved in the determination of national policy in this area.

TARIFF INCREASING AUTHORITY

An amendment was added by the Senate, which in substance was agreed to in the conference, to the provision in the House bill permitting the President to increase rates of duty by as much as 50 percent above the rates in effect on July 1, 1934. The additional Senate language provided that in those cases in which the rates of duties are expressed as specific rates of duty—which does not include combined rates—the President may increase the rates of duty by as much as 50 percent above the ad valorem equivalent of such rates in effect on July 1, 1934. This additional provision was made so as to provide greater flexibility and discretion with respect to specific rates of duty due to special characteristics of such rates. The provision relating to tariff increasing authority, as modified by the Senate and agreed to by the committee of conference, should be read in connection with the provision in House bill that was not modified by the Senate permitting the imposition of duties up to a maximum of 50 percent ad valorem on duty-free items pursuant to escape-clause cases. The purpose of these amendments as has been previously expressed in the report of the Committee on Ways and Means and in my statement on the floor of the House is to provide greater latitude to the President to modify rates of duty so as to avoid the highly restrictive consequences that would result from the imposition of quotas. This is the sole purpose; these changes are not designed to modify the basic policy of the escape clause or its application to duty-free items or items dutiable on the basis of specific duties. It simply provides greater latitude within which discretion can be exercised by the President in the administration of the trade-agreements legislation.

CHANGE IN PERIL POINT PROCEDURE

The Senate adopted an amendment to the peril point procedure providing that the Tariff Commission shall investigate

and ascertain the average invoice price of imported articles and the average prices of the like or directly competitive domestic articles. In addition the Tariff Commission was instructed to estimate for each article with respect to which a peril point investigation is made, the maximum increase in annual imports that may occur without causing serious injury to the domestic industry producing like or directly competitive articles. This provision was changed by the conference committee to specify that with respect to both matters to be investigated the Commission shall undertake the investigation to the extent practicable. It was recognized that it is in the nature of a peril point investigation that investigation should be made of relative prices as well as the consequences on imports of any prospective tariff reduction. By providing that these matters should be investigated to the extent practicable the conference committee made clear that it did not intend to place any undue burden on the Tariff Commission in the discharge of its responsibilities under the peril point provision. Thus this provision should not significantly change the investigations that the Tariff Commission has been making in discharge of its responsibilities under the peril point provision but it merely expresses the intent of the Congress that these are two matters which the Commission should look into and take whatever account of them as may be appropriate in making determinations under the peril point provision of the law.

Mr. CRETELLA. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield.

Mr. CRETELLA. From the standpoint of the Senate amendments or their suggestions, will the gentleman explain to us who represent industrial areas that have been hurt in some instances just what that suggestion is?

Mr. MILLS. There are several provisions that have to do with the future operation of the program. For example, one of the Senate amendments was to the provision in the House bill which allowed the President to increase the duty not more than 50 percent above the rate existing on July 1, 1934. The Senate amendment added additional language that permits the President to convert a specific duty into an ad valorem and to raise that duty by not more than 50 percent of the rate that existed on July 1, 1934. We accepted that amendment as we did another amendment which had to do with information that the Tariff Commission was to obtain and consider in connection with the establishment of peril points. We accepted further language with respect to the national security provision that the Senators thought should be included. The Senators were of the opinion that would be of material assistance to industry. I think it does offer a guide to the President for further consideration in connection with this problem. The provision of the House bill that the Senate deleted, having to do with this matter of returning action under the escape clause to the Congress when the Presi-

dent has disapproved a recommendation of the Tariff Commission, is returned to the bill by this conference report. There are many Members who think it has no significance or value. I have thought that it does have value; I have thought that Congress can be trusted with this responsibility. If it feels that there is occasion to exercise this right within this program, it will do so; if it feels that there is no justification for doing it, then Congress will not do it. I have great confidence in what the Congress will do under this provision.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. Does this bill carry any relief for the fishing industry?

Mr. MILLS. This bill deals with what will take place in the future. If the fish industry should establish a case of injury before the Tariff Commission and the Tariff Commission should make recommendation for some degree of relief for the fish industry, and the President fails to act on it, then my good friend from Massachusetts, I am sure, would introduce a resolution to give effect to the commission's recommendation. That resolution would have privileged status under the bill and she could call it to the floor of the House. It would not be bottled up in committee. If the resolution gets a two-thirds vote, the relief would be granted.

Mrs. ROGERS of Massachusetts. I thank the gentleman.

Mr. MILLS. Mr. Speaker, I urge the adoption of the conference report.

Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. REED].

Mr. REED. Mr. Speaker, I did not sign the conference report, and I will explain why. If I do not have sufficient time I will extend my remarks. I want to talk very plainly to you, Mr. Speaker.

There is etched upon my memory just as clearly as though it happened today, the picture of conditions as they were after the First World War. Many of the Members were quite young when the First World War ceased. When that war ceased there was upon the books the Underwood tariff bill. Today the tariff is lower than the rates carried in that bill.

Just as soon as peace came about after that war the prow of every available merchant ship was headed for our shores and the markets of this country, New York, New Orleans, Charleston, San Francisco, wherever a market could be found. What was the result?

Four years intervened before we could bring any relief to the people of this country. How well I can see the picture. I can see it not only in my hometown but I can see it also in practically every community in the United States. Shops were closed. There was not the slightest wisp of smoke coming from the chimney of an industry in many of our great industrial cities. In Pittsburgh the furnaces were banked, in Chicago, Gary, Buffalo, and other cities. Children were patronizing the garbage cans in the cities. Soup kitchens were established in

every community. Good hardworking Christian men were begging for bread. There were no jobs at all. Women were going out and doing housework who had never had to do it before. Why, in one case, that of a young soldier whose body was brought back to this country, his people wanted him buried from his own home, but there was an eviction order against the people which had to be suspended while the body lay in his home. That was his reception home after having given his life for his country.

In those days women did not wear the toes out of their shoes as a style, but this boy's mother had worn the toes out of her shoes by hard scrubbing, hard work; and the husband stood there at the grave of his son who died for his country, his eyes protruding, stoop-shouldered, grown old long before his time. Four years of low tariffs. That is what did it.

Do you want to repeat history?

It was not until 4 years later, 1921, the year I came to Congress, that we passed an emergency bill. Woodrow Wilson vetoed it.

In 1922 the Fordney-McCumber bill was put on the books. What happened? Industry revived all over this country. Prosperity started, and we had prosperity.

Now, let us see what is happening in this country today under your low-tariff system under the so-called reciprocal trade agreement. I have a chart here, and I scribbled off some of the industries that are on their way out under this low tariff. And, hundreds of industries are planning now to move to foreign countries to get the benefit of the fine machinery that we paid for by sending billions of dollars over there to rehabilitate those industries. None of the industries in those early days after the First World War were rehabilitated, and yet they took our markets away. What happened to our chemical plants in this country? They were absolutely ruined. How were they restored? The Alien Property Custodian took over all the assets of the German plants, and the result was that we started in and rebuilt the chemical industry under a protective tariff. But, they just swamped this country until this tariff relief came. Why, you have chemical industries all through the South, but foreign low-wage countries can again take them over. You can see what they are doing to our markets today. What about plywood, what about sewing machines, what about textiles, what about pottery, glass, cameras, cutlery, tile, eggs from China, oil, machine tools, bicycles, steel products? Seventeen thousand men are out of work in this country today because of the low tariff, and here is Japan exporting steel pipe into this country, which is doing this. I am making a prophecy—and I will stake my life on it—that under this low-tariff system you are going to pay the price, a devastating, cruel price. Of course, you are anxious to get home, and what you will do is vote this unanimous conference through without any effort to protect your country. But, do not forget, you are going on record, and

some day your children or your grandchildren will see what you did to them under this low-tariff system.

So, Members of the House, I urge you to give some serious thought to this legislation. I am just making this prophesy based on what happened after the First World War. I repeat again, the tariff is lower by far than it was under the Underwood tariff bill, and yet, without the rehabilitated factories abroad, they moved in here with their goods and closed our factories. You who have studied the question know that, and if you have not studied it, go back over history and see what happened to the working people of your town. Our whole stability is based on our domestic market. Without our home market, we are licked as a Republic, and I can imagine that in the Kremlin they are smiling as they see us digging our own grave, and that is exactly what we are doing.

You know, this reciprocal trade program has not even been decently administered. You know that. Why, some of the men who are administering this thing were, you might almost say, in diapers when the First World War closed. Now, it is about time we did a little thinking and look back into history and think a little bit about this great Republic of ours, this great free land of ours, where we sing the song at almost every Kiwanis meeting and Rotary meeting "America, the Beautiful." It may remain beautiful, but it is going to be destitute unless you take care of this low tariff threat, and it is not being taken care of, and that is the reason I have not signed this report. And, I do not think my other conferees signed it, either.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks at this point in the RECORD to cover some of the more technical features of this bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED. Mr. Speaker, I have withheld my signature from the conference report on H. R. 12591, the Trade Agreements Extension Act of 1958.

The legislation as agreed to by the conferees would extend for an additional 4 years the authority of the President to enter into trade agreements. It would provide additional tariff cutting authority so that tariffs could be reduced in stages to the cumulative extent of 20 percent. The conference agreement would also provide for certain changes in the safeguards under the trade agreements program.

Mr. Speaker, I daresay there is not a Member in this Chamber today who during the past 3 years has not witnessed the adverse effect that mounting imports have had on economic interests in his constituency. Without the authority provided under this bill and with merely maintaining the status quo with respect to tariff protection, the injury to our domestic producers would be greatly aggravated in the next 4 years. However, Mr. Speaker, we are not going to main-

tain the status quo with respect to tariff protection under this legislation. We are going to go further along the line of free trade so that I am fearful for the jobs, I am fearful for the economic opportunities that are the bases of our free-enterprise society.

Let there be no doubt in anyone's mind that little or no tariff relief will flow from this legislation through the operation of the revised safeguards. On the other hand, there can be no doubt that the tariff concessions that will be granted under the authority in this bill will inevitably seriously impair the growth—even the very existence of American business.

Accordingly, Mr. Speaker, the circumstances of the present and the consequences that will result in the future have given me no alternative but to refrain from joining in the conference agreement and in opposing the adoption of that agreement in the House of Representatives.

Mr. MILLS. Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania [Mr. SIMPSON].

(Mr. SIMPSON of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. SIMPSON of Pennsylvania. Mr. Speaker, I did not sign this conference report, along with the distinguished gentleman from New York [Mr. REED], and basically for the same reasons. The reasons which persuaded a substantial majority of the membership here to vote for this legislation were not reasons that persuaded me, for I voted against the legislation and am still opposed to it; because no reasoning presented here could counteract the facts which confront me every time I journey into practically every congressional district where there is unemployment today.

This conference report and the bill before the House—and I hope Members will listen with care and remember—provides no certainty whatever, not a bit of certainty of relief for any industry in the United States which is being hurt as a result of too low tariffs. The best that can be said for it is that it does create a visionary area in which if two-thirds of the Members of this body see fit and two-thirds of the Members of the other body see fit to vote relief under certain limited circumstances—that is, if the Tariff Commission recommends it—relief would be directed even though the Chief Executive said "No."—That area is so limited and is so prescribed that practically it will not give us relief unless there is created downtown, as I anticipate there will be, the greatest lobby that we have ever had here, in which any and every industry affected by tariffs will combine to scratch each other's backs to provide weight of pressure upon Members of Congress whenever, after relief is directed by the Tariff Commission and denied by the President, to endeavor then to get this resolution through by a two-thirds vote. I think such a lobby will be created and will be used to exert pressure upon the Members of this body.

Unfortunately in this piece of legislation the Department of State is au-

thorized by direction of the President to cut the duties, every duty, if you please, without any exception so far as authority is concerned, by 20 percent. No matter how low the duties are today, no matter how much unemployment is caused today in any field within anyone's congressional district which is traceable to a too-low tariff protection, some individuals within the Department of State whom you cannot name and I cannot name, are authorized to cut that duty still further by 20 percent, to cause more unemployment. And there is nothing that you or I may do about it.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. Mr. Speaker, I yield to the distinguished gentleman from Wisconsin [Mr. BYRNES] who has contributed greatly in opposition to unwise provisions of this legislation.

Mr. BYRNES of Wisconsin. The gentleman has mentioned that this conference report contains no provision to take care of industries which have been injured as a result of tariff concessions. I would point out that we have before the Congress today an admission by the Administration that the lead and zinc industry is being injured, an admission to the extent that they are willing to come up here and propose a Brannan Plan for that particular industry to take care of the problem created by imports. And yet there is nothing in this legislation that will give them protection, is there?

Mr. SIMPSON of Pennsylvania. With certainty, that is correct. I would point out that we have administration support of this provision, and I call your attention to the fact that after asking for a subsidy in connection with minerals, the majority have written into the bill now before us in the conference report a proviso which will remove the necessity, if you please, for the Brannan Plan for minerals if the President wants to use it. Within the provisions of the conference report there is authority for the first time to transpose what is called a specific duty—as you all know, that is a duty which is measurable in so many cents per pound—over to an ad valorem duty, which is a duty which is applied percentagewise to the price of the item involved.

The administration has opposed giving relief if the injury has been found with respect to minerals as I understand it, basically and principally because they do not want to impose quotas; and second, because if they give the maximum relief available under the law as it is today with respect to duties they could not give enough relief to provide the industry with any substantial help whatever. It was admitted by the industry itself and by Government that the relief provided that way would be no good; that a quota was the only way under existing law to provide relief.

I point out to you that, within the provisions of this bill under the authority of the Government to transpose a specific duty of so much a pound to the ad valorem rate of a certain percentage per pound, there is an ample area if the

President wants to do it to provide the relief which is so necessary to the mineral industry, copper, lead, and zinc.

Within the area of oil, the oil industry, where there is a specific duty in certain areas, with respect to fish products, in the area of vegetables, and in the further area involving some textiles, it is possible, if the President wants to do it, after injury has been found, to provide relief, but, I repeat, there is no certainty, and I agree with the gentleman from Wisconsin there is no certainty, that relief will be provided.

I regret very much that this is a 4-year extension of this piece of legislation. I do not like to see this sword hanging over all industry for an ensuing 4-year period. It is an invitation for American capital to go abroad, as the Chrysler Corp. has done within the last 2 weeks, to manufacture automobiles more cheaply, ship the automobiles into the United States at the lower rates, and then ship them to South America, and take the market away from local industry by shipping foreign cars made as a result of American capital, American machines, and American management, but with cheap labor abroad, into those countries abroad.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield to the gentleman from Iowa.

Mr. GROSS. I presume that in purchasing this Simca Motor Co. that Chrysler purchased from Ford, into the transaction went the Government guaranty of 200 percent upon the Ford investment in the Simca Co., against expropriation or confiscation by the French Government.

Mr. SIMPSON of Pennsylvania. I know the gentleman would be correct about that.

Now, about the peril point, about the fact the Government may find through 1 of its 18 agencies that a duty has already been reduced so low that it would be perilous to industry to cut the duty any further. But the real peril today rests within the area of our neighbors who are unemployed, who are paying the penalty, the price today, of a peril point. They are the ones that should be helped. We should not be creating a situation which will make possible still further cuts in the very areas which have caused them unemployment.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield to the gentleman from Minnesota.

Mr. JUDD. I am confused as to the gentleman's position. I know that he is opposed to the reciprocal-trade program; and I completely respect him in that position, although I favor the program. But is not the conference report now before us less undesirable from the gentleman's own standpoint than the bill passed by the House?

Mr. SIMPSON of Pennsylvania. The gentleman has asked me whether I am opposed to the reciprocal-trade-agreement program. I am, and I have always been, opposed to it for the reason that it is not reciprocal.

Mr. JUDD. I appreciate that. But my question is about the conference report before us. Is not this report, from the gentleman's viewpoint, less undesirable than the bill the House passed a few weeks ago?

Mr. SIMPSON of Pennsylvania. Yes; it is less undesirable than the bill that was before the House.

Mr. JUDD. If his choice is between the bill the House passed and the conference report, is it not easier to vote for the conference report than for the original bill?

Mr. SIMPSON of Pennsylvania. It would be easier for me, though neither one was acceptable to me and I did not sign the report.

Mr. GROSS. Is there a choice between something that is just a little less worse?

Mr. MILLS. Mr. Speaker, I yield 5 minutes to the gentleman from Louisiana [Mr. BOGGS].

Mr. BOGGS. Mr. Speaker, the arguments advanced by my good friends, the distinguished gentleman from New York [Mr. REED] and the distinguished gentleman from Pennsylvania [Mr. SIMPSON] are not new arguments. Both the gentleman from New York [Mr. REED] and the gentleman from Pennsylvania [Mr. SIMPSON] are quite honest and frank in that they not only oppose this conference report, but they opposed the bill, as originally presented to the House. They are not only opposing it in this year of 1958, but so far as I have been able to ascertain they have opposed it since its very inception and they will apparently continue to oppose it as long as they serve in this body.

Mr. Speaker, the House has worked its will contrary to the point of view of both of these gentlemen. As a matter of fact, the so-called Simpson substitute which was considered by this body, when we debated the bill, was rejected by a vote of 234 to 137. Then the gentleman from New York [Mr. REED] offered a motion to recommit and again on a record vote we rejected it by a vote of 268 to 146, and finally the House of Representatives approved this program by a vote of 317 to 98.

So, Mr. Speaker, I think it can be said that the House approves the program. As a matter of fact, the House approved a program considerably stronger than the one which comes back to us in the form of this conference report. The House approved a 5-year extension of the trade agreements program and certain other provisions which are not now in the conference report. So, concessions have been made to the point of view represented by the gentlemen who have preceded me in opposition to the conference report. But, the only way you could satisfy these gentlemen would be to change the entire direction of this program and instead of this program being an instrument whereby we could trade with our friends abroad, they would use it as an instrument which would prevent that trade on the theory that by such prevention you would protect American workers. There is no point going into the merits of this

legislation. The arguments have been presented time and time again. But, it is well to remember before we vote on the conference report that those groups in our country charged with speaking for the various segments of our economy have unanimously approved this bill. The United States Chamber of Commerce which speaks for business is for the bill. The farm organizations, the Grange, the Farm Bureau Federation, and the Farmers' Union are for this bill. The labor organizations, the AFL-CIO is for this bill. So when we talk about the American workman and the American farmer and American business, let us take a look at who has spoken for those groups for many years and who have unanimously supported this bill.

In addition, Mr. Speaker, the best evidence we could get before our committee showed that in terms of people employed there were something over 4 million people directly engaged in the foreign trade of the United States moving back and forth. The evidence showed that if we were to go completely to a free trade economy, and if we were to abolish all tariffs of every nature, type, and description, there would be something less than a half million people involved.

So I submit, Mr. Speaker, that the conferees have labored long and hard. I think our chairman, the gentleman from Arkansas [Mr. MILLS] and the gentleman from Rhode Island [Mr. FORAND] and the others who served on this conference committee deserve not only the support of this body but the commendation of this body for having done a job. I trust the House will support the conference report. For my own part, I have certain objections to it from the other point of view. I would have preferred to see the House version adopted. But, I realize that, as in everything else in life, we must go part of the way part of the time and we cannot get everything all the time. So I think this is a fair compromise. I trust the conference report will be approved by Members of this body.

Mr. MILLS. Mr. Speaker, I yield 3 minutes to the distinguished minority leader, the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN. Mr. Speaker, this conference report is much improved, from a protection standpoint, over the bill that originally passed by three topheavy votes. It is acceptable to the President, as indicated by the letter which he has sent to the gentleman from Arkansas [Mr. MILLS]. It is acceptable to the Secretary of Commerce, who will have much to do with its supervision.

The legislation is a vital part of the administration program for trade, goodwill, and peace. It is hoped that it will promote a better understanding among the peoples of the world. I strongly urge that the report be accepted. We are living in an era when what we do has an important bearing upon our immediate future. There isn't any question, as the administration points out, that to reject this legislation at this time would be disastrous, not only to trade but

to our relations with the other nations of the world.

I urge the adoption of the report.

Mr. MILLS. Mr. Speaker, I yield 1 minute to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, I suppose it is better to accept this report at this time. I would like to make my protest, however. I think the chairman will agree with me that the textile industry has been unfairly treated for a very long time, and practically destroyed in this country. I urge the membership to join with me in fighting to see, as we go forward, that it is given better treatment and a chance to survive.

Mr. MILLS. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, the conferees have done a remarkable job in being able to arrive at an agreement on this bill. I compliment the conferees on both sides of the aisle for the statesmanlike manner in which they have handled this bill.

The bill is the keystone of our foreign policy. We might just as well face the situation. If this bill were defeated it would have a shattering effect upon our position throughout the world. Certainly we want to strengthen our position rather than to contribute to anything that would weaken our position throughout the world.

I am in agreement with the views expressed by the gentleman from Louisiana [Mr. Boggs]. As far as I am concerned, I favor the 5-year extension. I realize that with the differences between the House and the Senate there had to be an adjustment made, and I think they made a satisfactory one under the circumstances.

It seems to me that segments of our American business that are adversely affected—and I have said this on the floor before—instead of fighting this important legislation, this meritorious legislation, they would try through other legislation to receive compensatory consideration. I have said this on a number of occasions. This bill passed the House with over 300 Members voting in favor of it. Certainly any Member who voted for the passage of the bill can vote for the adoption of the conference report, which report is not as strong as the bill that passed the House. While, like other Members, I am not entirely satisfied with the agreement arrived at, nevertheless I realize it is the best agreement or compromise that could be arrived at under the circumstances.

I strongly urge the adoption of the conference report.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members may have the privilege of extending their remarks at this point in the RECORD.

I ask unanimous consent that I may revise and extend my remarks.

The SPEAKER. Is there objection? There was no objection.

Mr. NEAL. Mr. Speaker, I opposed this bill in the House. I am opposed to the conference report. Abundant discussion of this legislation is a matter of record.

Unless the liberally construed application of the powers granted to the administrators of import trade under this act during the 4 years of its authorization is reversed, I fear that the American people will experience a sad awakening.

The American economy is being threatened doubly by foreign aid on the one hand and free-trade policy on the other. We deplete our resources by practically giving away our excess products and we deprive both capital and labor of their opportunity to declare profits and receive wages by flooding our markets with competing goods produced abroad with low-priced labor.

Mr. Speaker, I think the administration and the Congress will have reasons to regret this action.

Mr. DENT. Mr. Speaker, the conference report being voted on today represents, according to the conferees.

In some matters there can be no compromise. There can be no compromise with principle.

In this matter there is a principle, a fundamental principle. Simply put it is this "are we obligated by our oath of office to protect and preserve the health, welfare and economic well being of each and every one of our peoples, before any other interest?"

If you answer this in the affirmative, then you must vote against this misnamed, ill-advised, present-day reciprocal trade agreements.

No person can in good conscience argue that by reducing the tariff on a product you help American producers of the same product. This to my mind is the most far-fetched reasoning I have ever heard on the floor of a deliberative lawmaking forum.

There is a direct relationship between today's recession and the reciprocal trades program.

This so-called compromise still has the basic unsoundness contained in the original proposal.

This will allow a further reduction of 20 percent in tariffs in the next 2 years.

This means that the history of window glass may well be duplicated in many more of the commodities now produced in this country with some semblance of a protective shield against the lack of foreign low wages and absence of labor advancements such as unemployment compensation, workman's compensation, social security, hospitalization and the many hidden payroll benefits accruing to the American workman.

In the glass industry in 1947 with a tariff rate set prior to formation of GATT, the international trade, tariff setting organization, there was an importation of 15,000 boxes of glass.

After the creation of GATT thereby circumventing congressional and constitutional action on American tariff rates, there was an importation into this country of 4,805,000 boxes of window glass, sufficient to glaze 1,250,000 6-room houses. With an additional 20-percent reduction. I wonder how many more glassworkers in my area and perhaps in yours will be out of work.

Another angle seldom considered is the blind charge that any person inter-

ested in giving the American workman and industry an even break in a competitive field is a protectionist and that being a protectionist is something less than acceptable as an American.

If a man wants to protect the workers, and industry in his district, he can stand a lot of name calling.

The aluminum industry is just feeling the pinch of a blind and senseless importation without restriction on the theoretic assumption that by allowing our country to be flooded with cheap foreign made goods we are building good will and world peace. The best way to build peace is to be prosperous and strong at home and thereby be in a position to help your friendly neighbors.

To help any country better itself is a worthwhile aim and I am for it. I believe, however, that the best way to do that is to help them produce goods for their own people rather than to build goods for our already overcrowded market.

Every American who wants and can afford an automobile, a refrigerator, TV set or any other commodity or appliance can buy it here, manufactured here, and there will still be a productive surplus.

However, no other country in the world can provide for all its peoples the goods and appliances, etc., their own people can and would like to use.

Now does it not seem silly to give aid, money, and know-how to these countries to produce these things in order that they can ship them to this country?

Reciprocal trades are sound only when the trade is made on a sound economic base.

If one country needs what another country makes or has, and is in a position to trade what they make or have for it, then it is a trade. However, when one country buys a product from another country, a product it has in surplus, then somebody is heading for a serious fall.

Reciprocal trades as now administered and the foreign aid law, with its millions for foreign economic development, may well be the main issues in the next presidential election.

Whether it is or not, it will be an issue at the market places all over the country and the world.

The end result of this present administration of reciprocal trades agreements will be more closed factories, more idle hands, less payrolls, and less revenue, which, in turn, may be the real issues before the people in the next elections.

Space doesn't permit the story of the ceramic industry, the coal industry, and the glass, textiles, and the start of the story on farm products.

The farm story will become more apparent and widely known in the near future.

Just yesterday this House refused to pass a farm-relief bill. This bill would have placed American standards and restrictions upon the importation of dates, figs, and all citrus fruits.

This was proposed because of the injury inflicted upon American farmers by the dumping of foreign fruits and produce.

Shades of Old Glory, when we industrial area Members asked for something

along this line, we were jeered by the very persons who now are feeling the pinch of the effect of foreign competition.

Recently live cattle started to come in to fattening pens on the west coast, new and every modeled lines of foreign cars are coming in in increasing numbers and brand names.

Throughout our economy, every field of endeavor will soon find itself facing competition from unrestricted importation of goods and products produced without any of fringe costs applied against American-produced goods for the benefit of labor and, in fact, for the benefit of the entire economy.

I will again, as I have before, endorse and support reciprocal trades when such trades are reciprocal, in fact, as well as in fancy.

Until then, I must remain opposed, believing that my country and my people will best be served by this opposition.

Mr. MACK of Washington. Mr. Speaker, the final passage today of this 4-year extension of reciprocal trade deals a hard economic blow to the plywood, the fishing, and many other industries now hard hit by too heavy imports of foreign goods made by low-paid foreign labor. Workers simply cannot and should not be made to compete with the wages of foreign nations. Yet this bill places American labor in competition with low-paid foreign labor and will deprive many American workers of their jobs.

This bill, I predict, will result in increased quantities of Japanese plywood and fish products being dumped onto the American market. Congress has sold these plywood and fishing industry workers downriver to help cotton planters and others who are seeking larger foreign markets for their goods.

When the Congress began considering this legislation the Japanese exporters slowed down shipments of their goods to the United States. As soon as the bill is signed into law that will be the signal for Japan to start dumping plywood, fish, and other products onto the American market in larger quantities than ever.

Japan, last year, shipped 686 million square feet of plywood into the United States. These plywood imports, valued at \$60 million, were the equivalent of the jobs of 5,000 American plywood workers.

The bill leaves us no door through which to seek relief from such a tragedy.

We can only hope that the next Congress will be one that will give more thought to protecting American workers than to aiding foreign exporters and that it will repeal this inequitable law before too great damage is done.

As a final protest against this legislation, I shall vote today against accepting this conference report.

Mr. GROSS. Mr. Speaker, I want to reiterate what I have said on previous occasions that this legislation will live to haunt the American people and those who so enthusiastically support it today.

The best market for the products of American labor, industry, and farm is still to be found in this country. Turn this market over in any substantial degree to the products of cheap foreign la-

bor and the productive capacity of this Republic must suffer.

Oh, yes, the proponents advocate what they are pleased to call compensatory payments to those areas where American producers are devastated by foreign imports. Where is it proposed to get the money for these compensatory payments?" From the United States Treasury, of course. It will be an enlargement of the hair-brained theory that all problems of this Nation can be solved by simply raiding the Federal Treasury.

I have no desire to belabor this issue. This is a conference report and it cannot be amended. I simply want to say that instead of reducing tariffs another 20 percent it should have been provided that all imports of products which are already in adequate supply be subject to a tariff representing the differential between the foreign and American costs of production.

Mr. Speaker, I oppose the bill as it originally passed the House and I am opposed to this conference report.

Mr. MILLS. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken, and on a division (demanded by Mr. BAILEY) there were—ayes 161, noes 56.

Mr. BAILEY. Mr. Speaker, I am tempted to raise the question of the lack of a quorum, but I will not do so because of the important business on the calendar.

The SPEAKER. A quorum is present.

So the conference report was agreed to.

A motion to reconsider was laid on the table.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1959

Mr. MAHON. Mr. Speaker, I call up the conference report on the bill (H. R. 12738) making appropriations for the Department of Defense for the fiscal year ending June 30, 1959, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 6, 1958.)

Mr. MAHON. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, the bill before us is \$815 million above the budget. This additional sum above the budget is principally in three categories. It provides for an additional number of Polaris submarines. It provides for a considerable addition in airlift. It provides for an additional program of long-range missiles, the intercontinental ballistic missile. The House bill was increased by the other body in the sum of \$1.6 billion. This increase was trimmed down to \$1.2 billion in conference. One-half of that

increase is explained by the fact that there was presented to the other body approximately \$600 million for pay increases which were not considered by the House, as a result of the military-pay legislation which was passed by the Congress. The remaining amount of the increase has principally to do with additional aircraft and with some other actions respecting transfers from the stock fund and so forth.

Appropriations for defense this year are approximately \$5 billion or will be approximately \$5 billion above the appropriations of last year. Last year some considerable reductions were made as it was felt that the funds were in excess of the funds which were required to finance the program which was submitted to the Congress, and the carryover last year was very large, and an effort was made to get the defense program in better order from a fiscal standpoint. Now, while there is wide disparity between the appropriation of last year and the appropriation for this year, you do not have the same disparity between defense spending this year over last year. Defense expenditures for fiscal 1958 were approximately \$39 billion. It is estimated that the defense expenditures for the current fiscal year will be about \$1.7 billion above that, \$600 million of which is accounted for by the pay increase for military personnel.

Mr. SEELY-BROWN. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. Could the gentleman tell us as to whether or not the conference report provides for more nuclear submarines than were included in the bill that originally passed the House?

Mr. MAHON. Will the gentleman repeat his question?

Mr. SEELY-BROWN. I am interested to know if the conference report makes additional moneys available for nuclear submarines.

Mr. MAHON. The conference report does not. No additional funds were added by the Senate for nuclear submarines. For the Navy, the conference report includes funds for two amphibious ships which were not authorized when the bill was before the House, and therefore they were deleted, and it also provides funds for completion of a couple of destroyers. But, there is no other substantial change with respect to the Navy.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Minnesota.

Mr. JUDD. I am uncertain as to the total amount appropriated in this report. I understood the gentleman to say that appropriations in the fiscal year just closed were \$39 billion, and this bill would add \$1.7 billion, making a total of \$40.7 billion for the current fiscal year, is that right?

Mr. MAHON. The gentleman, I believe, said "Appropriations." I was speaking, when I used those figures, of spending; expenditures through the last fiscal year were \$39 billion and spending for the forthcoming year is estimated to be \$1.7 billion above that figure.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 12, 1958
For actions of August 11, 1958
85th-2d, No. 137

CONTENTS

Acreage allotments.....9,10,27		
Animal diseases.....31		
Appropriations.....15,28		
Buildings.....21		
CCC.....37		
Civil defense.....33		
Contracts.....30		
Cotton.....7,27		
Dairy industry.....40		
Defense mobilization.....33	Fruits.....19	Purchasing.....14
Defense production.....37	Hall of Fame.....18	Reclamation.....3,13
Desert land entries.....12	Imports.....19,31	Research.....32,41
Economic report.....34	Information.....26	Saline water.....32
Economic situation.....23	Lands.....21	Surplus food.....38
Farm labor.....17	Legislative program.....5	Taxation.....11
Federal-State relations.....16	Loans.....3	Tobacco.....10
Figs.....19	Mining claims.....2	Trade agreements.....6
Food additives.....5	Peanuts.....9	Travel.....22
Food stamps.....38	Personnel.....22	Water pollution.....35
Foreign aid.....15,28,29	Price supports.....40	Watersheds.....4
Forestry.....1,20,21,25	Public debt.....24,36	Wool.....7

HIGHLIGHTS: Senate agreed to conference report to extend trade agreements authority. Senate passed bill to facilitate USDA insured loans. Several Senators urged enactment of legislation to prevent reduction in cotton allotments, and extend the Wool Act.

HOUSE

1. FORESTRY. The Interior and Insular Affairs Committee reported with amendment H. R. 13101, to extend the boundaries of the Siskiyou National Forest (H. Rept. 2543). The bill was ordered reported by the Committee earlier in the day. pp. 15568, D829
2. MINING CLAIMS. The Interior and Insular Affairs Committee reported with amendment S. 2039, to clarify the requirements with respect to the performance of labor imposed as a condition for the holding of mining claims on Federal lands pending the issuance of patents therefor (H. Rept. 2540). p. 15568
3. RECLAMATION. The Interior and Insular Affairs Committee ordered reported with amendment H. R. 9239, to provide for the construction of an irrigation distribution system for restricted Indian lands in Riverside County, Calif. p. D829
4. WATERSHEDS. Received a letter from the Agriculture Committee stating that it had approved the following work plans for watershed projects: Furnace Brook-Middle River, Conn. and Mass.; Brusseron, Ind.; and Crooked Creek, Iowa; to Appropriations Committee. pp. 15560, 15563

5. LEGISLATIVE PROGRAM. Rep. McCormack announced that the bills originally scheduled for consideration Mon., Aug. 11 (see Digest 136), would be considered Tues., Aug. 12, and the following day, if necessary. He also stated that H. R. 13254, the chemical food additive bill, would be considered under suspension of the rules Wed., Aug. 13. p. 15560

SENATE

6. TRADE AGREEMENTS. Agreed to, 72 to 18, the conference report on H. R. 12591, the Reciprocal Trade Agreements extension bill. This bill will now be sent to the President. pp. 15434-41, 15444-6
7. COTTON; WOOL. Sens. Talmadge, Symington, Yarborough, Ervin, Thurmond, Sparkman, and Stennis urged the passage of legislation to preserve cotton acreage allotments and price supports at current levels, and Sens. Langer and Humphrey urged extension of the Wool Act. pp. 15441-4, 15455-6
8. LOANS. Passed without amendment S. 3333, to facilitate the insurance of farm ownership and soil and water conservation loans, through authorizing the conversion of direct loans into insured loans and limited use of mortgage insurance funds in making loans if converted into insured loans without undue delay, authorizing the Department to receive a larger share of interest payments on insured loans than at present and to sell such loans as uninsured loans when the borrower has failed to refinance his obligations as agreed to, authorizing the Treasury to set the interest rate on mortgage insurance funds borrowed, and permitting National Banks to loan 25% instead of 10% of its capital to one individual in the case of these insured loans. pp. 15415-16
9. PEANUTS. Passed without amendment H. R. 12224, to prohibit the creation of an acreage history on peanuts after 1957 by those growing peanuts without an acreage allotment. This bill will now be sent to the President. p. 15411
10. ACREAGE ALLOTMENTS. Passed as reported S. 4151, to establish uniform provisions for the transfer of acreage allotments when the landowner is displaced by an agency having the right of eminent domain. The bill would combine the various provisions relating to each commodity in one uniform provision of the Agricultural Adjustment Act. pp. 15416-17
Passed without amendment H. R. 12840, to provide for a single acreage allotment for Va. sun-cured and Va. fire-cured tobaccos if farmers vote approval in a referendum. This bill will now be sent to the President. p. 15411
11. EXCISE TAXES. Continued debate on H. R. 7125, to make technical changes in the Federal excise tax laws. Agreed to the committee amendments and rejected various other amendments offered. pp. 15450-4, 15463-74, 15500-24, 15531-58.
12. DESERT-LAND ENTRIES. Received the President's message returning S. 359, to permit desert-land entries on disconnected tracts of land up to 320 acres, for correction and re-enrollment as requested by the Congress. p. 15459
13. RECLAMATION. At the request of Sen. Clark, passed over S. 3648, to authorize the Interior Department to construct and operate the Navaho Indian irrigation project and the initial stage of the San Juan-Chama project. p. 15417
At the request of Sens. Talmadge and Barrett, passed over S. 1887, to authorize the Interior Department to construct the San Luis Unit, Central Valley Project, Calif., and to enter into an agreement with the State to operate it. p. 15417

conducted with advisory committees. All members of the industry under the Administrative Procedures Act must be given an opportunity to express their views on proposed safety rules before they become effective. What can an advisory committee add to this?

As to enforcement, the ordinary processes of law which apply, of course, leave no area for an advisory committee.

I urge that we not tack onto this proposal—which is good, and is needed—provision for such an advisory committee, which cannot help but hamper the administration of the whole safety program.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Connecticut yield 2 minutes to me?

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Connecticut yield 2 minutes to the Senator from New Jersey?

Mr. PURTELL. I am glad to yield 2 minutes to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 2 minutes.

Mr. SMITH of New Jersey. Mr. President, as a member of the Committee on Labor and Public Welfare, I rise to support the amendment which has been submitted by the Senator from Connecticut [Mr. PURTELL].

Mr. President, I believe Congress has been remiss for too long a period of time in failing to provide for safety measures in longshore and harbor-worker employment. The accident rate in this employment is shocking. Over the years, it shows no real improvement. It is incumbent on Congress to act now to remedy this situation.

I am, however, strongly opposed to the proposal to create an advisory committee. The Federal Government should not give official status to outlaw unions by placing them on such an advisory committee. Yet the size of these unions give them reason to seek membership. If denied membership, we present these unions with an issue against the Government; we give them a point of agitation. It would be extremely unwise for Congress, in seeking to improve Federal maritime safety, to inject this factor.

The objection to a committee which might contain undesirable labor membership is heightened by the fact that any such committee is of dubious value, as the Senator from Connecticut has said. The law has its own safeguards for proper administration of a safety program. This committee, however, is completely unacceptable.

Mr. President, I sincerely hope that the Senator from Massachusetts [Mr. KENNEDY] will accept the amendment, and will take it to conference.

In any event I urge that the amendment submitted by the Senator from Connecticut be adopted.

Mr. ALLOTT. Mr. President, will the Senator from Connecticut yield 4 minutes to me?

Mr. PURTELL. I am very glad to yield 4 minutes to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado is recognized for 4 minutes.

Mr. ALLOTT. Mr. President, I am very happy to support the amendment which has been submitted by the Senator from Connecticut, who has worked so hard in the Committee on Labor and Public Welfare.

The bill provides that the Secretary shall appoint an advisory committee, of which three members will represent the fields of labor affected. If the Secretary appoints three from such fields, undoubtedly it will be almost mandatory that he appoint someone from the unions which are dominated or led by Harry Bridges.

I object to the proposal, for two reasons: First, because I believe too many advisory committees are appointed. After all, they seldom turn out to be advisory. They provide an opportunity for someone to add a title to his name; and the members come to Washington several times a year, and talk. But very rarely are they actually advisory or is the advice they give actually advisory to the board or commission which they are suppose to advise.

Second, I object because I do not want to put the Secretary of Labor in a position where, in effect, he will have to appoint Harry Bridges or any representative of Harry Bridges to a committee which will be advisory to the Secretary of Labor.

A few weeks ago a Member of the Senate made the point that the Communist movement, as it affects the longshoremen and dock workers in Hawaii, would keep the question of Hawaiian statehood from being considered by the Senate. If that situation is sufficient to postpone Senate consideration of Hawaiian statehood, it is a sufficient reason for us not to ask the Secretary of Labor to appoint Harry Bridges or one of his henchmen to a committee which will be advisory to the United States Government. I do not think we can too strongly resist this particular part of the pending measure, even though the bill is very fine in other respects.

I, for one, do not wish to be a party to voting to force the Secretary of Labor to appoint Harry Bridges or one of his henchmen to a committee which will be advisory to our Government.

Mr. KENNEDY. Mr. President, as the bill came from the Committee on Labor and Public Welfare, it did not include the provision regarding an advisory committee. That provision was included in the bill which was passed by the House of Representatives.

It was the opinion of the committee, when the matter was being discussed, that there was no real necessity for the appointment of an advisory committee.

In my opinion, the amendment of the Senator from Connecticut is a good one; and I hope the Senate will agree to it.

I also hope there will not have to be a conference in connection with this measure, for I believe the House of Representatives will favor the bill without the provision referred to.

Mr. PURTELL. I thank the Senator from Massachusetts.

Mr. President, I urge that my amendment be adopted, so as to strike from the bill the provision in regard to the appointment of an advisory committee.

Mr. JOHNSON of Texas. Mr. President, I yield one-half minute to the Senator from Georgia [Mr. RUSSELL].

CHANGE OF REFERENCE—NOTICE OF OBJECTION TO CERTAIN BILLS ON CALENDAR CALL

Mr. RUSSELL. Mr. President, I shall use only one-half a minute.

Mr. President, in order to comply with the request of the Committee on Foreign Relations, I ask unanimous consent that the Committee on Armed Services be discharged from the further consideration of Senate bill 4046 and House bill 13265, bills which would authorize an appropriation to the Corregidor-Bataan Commission, and that these measures be referred to the Committee on Foreign Relations.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RUSSELL. Mr. President, I wish to interpose an objection to the passage of these bills during the call of the Consent Calendar; and I request that I be notified before either of them is brought up by motion.

AMENDMENT OF LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT

The Senate resumed the consideration of the bill (H. R. 13021) to amend section 41 of the Longshoremen's and Harbor Workers' Compensation Act so as to provide a system of safety rules, regulations, and safety inspection and training, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of the time under my control, on the condition that the Senator from Connecticut will do likewise.

Mr. PURTELL. Mr. President, I yield back the remainder of the time under my control.

The PRESIDING OFFICER. All remaining time has been yielded back.

The question is on agreeing to the amendment of the Senator from Connecticut [Mr. PURTELL].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 13021) was read the third time, and passed.

Mr. KENNEDY. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. JOHNSON of Texas. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Without objection, Senate bill 3486 is indefinitely postponed.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF TRADE AGREEMENTS ACT—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, the distinguished chairman of the Committee on Finance, the Senator from Virginia [Mr. BYRD] is ready to call up a conference report on the extension of the Trade Agreements Act.

Mr. BYRD. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of August 6, 1958, p. 15083, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. BYRD. Mr. President, I am pleased to report that the House and Senate conferees on H. R. 12591, known as the Trade Agreements Extension Act of 1958, have come to an agreement and the Senate has retained much of what was adopted by it. There was give and take, and what we have brought back is workable, sound, and suitable to the trade agreements program.

I wish to state, Mr. President, that President Eisenhower in a letter to Representatives MILLS, dated August 7, 1958, said:

I have just received reports concerning the results of the conference on the reciprocal trade legislation. While the conference report does not contain everything that I deemed advisable I thought you would like to know that it is nevertheless acceptable to me.

The PRESIDING OFFICER. Will the Senator suspend until the Senate is in order? The Senate will kindly be in order, so that the Senator from Virginia may be heard.

The Senator from Virginia may proceed.

Mr. BYRD. Mr. President, the length of the extension was compromised. The House provided an extension of 5 years; the Senate 3 years. Four years was agreed upon. The House had allowed cuts of 25 percent, with permission to put them into effect after the 5-year period

had elapsed. The Senate had allowed cuts of 15 percent with no carryover, each reduction to become effective before the end of the 3-year period. The compromise allows cuts of up to 20 percent with no cut allowed to take effect after the fourth year beyond the end of the extension. In other words, a carryover is allowed, but it is a limited carryover.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. JAVITS. I should like to express, on my own behalf—and I think I express the views of other Senators who are not now in the Chamber—gratification at the solution of the problem of the term of extension, and for the 20-percent figure at which the conferees arrived.

A number of Senators who had amendments printed to extend the period to 5 years refrained from offering them, in confidence that the problem would be solved by the conferees. We are very gratified to learn that it was. I point out that the conference report makes possible agreements which are absolutely essential under the Reciprocal Trade Act, with the European countries which will be in the European Common Market.

I express great appreciation to the distinguished Senator from Virginia for having led in shaping this legislation in such a satisfactory way.

Mr. BYRD. I thank the Senator.

On another important and disputed point concerning the participation of the Congress in cases where the President does not carry out the recommendations of the Tariff Commission, the Senate receded. The House had adopted a provision that the Congress could, within 90 days, and by two-thirds majority, require the President to carry out the recommendations of the Tariff Commission. This would be done by concurrent resolution under rules that would make it privileged and would limit debate. Because the House conferees were adamant on this proposal and because it does have certain merit, and because the House conferees had agreed to recede on other points that were of importance to us, the congressional participation provision was accepted.

The House appeared adamant against the amendments adopted by the Senate to the national security section. It was only after considerable discussion that the House conferees were persuaded to recede, which they did with 1 or 2 very minor changes that made no difference in the principle that the Director of the Office of Defense Mobilization and the President must take into consideration any weaknesses in the internal economy resulting from excessive imports. The House also receded on the other strengthening amendments to this section put in by the Senate.

The House receded on the so-called Purcell amendment which granted to the President additional authority to use ad valorem equivalent rates in certain escape clause cases where specific rates appear in the Tariff Act.

The House also receded on the amendment offered by the Senator from North Carolina [Mr. ERVIN], which strengthened the peril point section and would give to the President additional information to help him guard against tariff reductions that would tend to cause injury.

The Senate conferees receded on the amendment which would allow producers of raw agricultural or horticultural materials to appeal under the escape clause even though the imports consisted of processed items. The Tariff Commission had indicated that this problem was being well handled administratively and that it could actually make it more difficult to grant relief when it might otherwise be available.

It was with regret that the Senate receded on the Finance Committee amendment proposed by the Senator from Vermont [Mr. FLANDERS] to establish a commission to study the whole trade and trade agreement problem. The House insisted on certain changes and many additions to the duties and functions of the Commission until it was finally so bogged down with imponderables that the original purpose of the study was completely lost. It was, therefore, better to recede. The numerous changes and additions demanded by the House conferees were apparently those requested by the executive branch, and seemed to miss the real intent of the Finance Committee when it adopted the plan.

The Senate also receded on the amendment proposed by the Senator from Minnesota [Mr. HUMPHREY] to require the Tariff Commission to investigate the possibilities for alternative employment and the President to make full use of all available procedures to avoid or ameliorate economic hardships resulting from the lowering of tariffs. It was pointed out by the Tariff Commission that it is not in a position to study alternative employment, and this and other factors caused the House conferees to disagree seriously with the proposal.

All in all the Senate obtained what I consider to be a fair and a workable compromise. It is my understanding that, as indicated by the excerpt from the letter from the President of the United States which I have read, that the executive departments and the President will accept it, even though they much preferred the House bill. I hope the Senate will ratify the hard work we have done in conference.

Mr. PURTELL. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. PURTELL. I wish to express my appreciation for the outstanding job which the Senate and House conferees did, and particularly the work which the Senate conferees did in connection with the amendments of the Senate which were accepted by the House.

Mr. JOHNSTON of South Carolina. Mr. President, I, too, wish to commend the conferees for what they did in connection with bringing the bill into its present form.

However, I should like to ask the Senator from Virginia what protection the

textile industry and the plywood industry will have.

Mr. BYRD. I will say to the Senator from South Carolina that the Senate Finance Committee amended the national security section. The Senator is no doubt familiar with the national security amendment which was adopted 3 years ago. That provision was amended. It is broadened to include not only national security, but economic welfare. This is the language of the Senate amendment:

In the administration of this section, the Director and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries; and any unemployment, decrease in revenues of Government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security.

That language adds the factor of economic welfare as a part of the national security.

Mr. JOHNSTON of South Carolina. That is language which would probably lead some to believe that they would be in a position to obtain some relief. However, I believe the Senator from Virginia well knows what relief we have obtained from the White House in recent years in connection with Japanese imports. The Japanese would have to afford relief, and cut down quotas if we did not do something in America to protect our own industries. Does the Senator believe that that language will be sufficient to give to the textile industry the relief it needs at the present time?

Mr. BYRD. It should be sufficient, because it adds to national security the factor of economic welfare, even down to individual industries. It prescribes standards. That has never been done heretofore. It provides standards with respect to employment and also with respect to skills and investments. The amendment was strongly resisted by the House. However, the Senate conferees insisted on the amendment, and it was finally agreed to.

Mr. JOHNSTON of South Carolina. I am sure the Senator from Virginia, whose State has some cotton mills, is interested in this matter. We, in South Carolina, have 28 percent of the spindles in the United States. We are certainly vitally interested in this subject. We are suffering in our State. Our mills are running 3 days a week, instead of 5 days. We cannot afford to let the Japanese use cheaper cotton than we can buy—they use cotton which is about 8 cents a pound cheaper than we can buy it for—and manufacture that cotton into cloth for about one-tenth of what it costs to produce it in this country, and then have that cloth sold in America over the counter to our people. I know it is agreeable to some people in the United States to have that situation exist. However, when our textile industry is destroyed, those people will begin to feel the effects, I am sure.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

THE 1934 TRADE AGREEMENTS ACT

Mr. MALONE. Mr. President, I should like to inquire of the distinguished Chairman of the Committee on Finance the effect of the amendment. I refer to the amendment dealing with the national economy which the President must consider before bypassing the Tariff Commission's recommendation in an escape clause matter. What does that amendment actually mean?

Mr. BYRD. It means what it says.

Mr. MALONE. What does it say?

Mr. BYRD. In the national security section, the bill provides:

In the administration of this section, the Director and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries; and any unemployment, decrease in revenues of Government, loss of skills or investment or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security.

PRESIDENT MAY TRADE INDUSTRY FOR FOREIGN POLICY

Mr. MALONE. Mr. President, I appreciated the distinguished Senator's support for this provision and I believe that a consideration of the effect on the national economy of trading an industry for a furtherance of a national policy will slow up such trades.

However, let us suppose that the President says he has considered the economic effect of trading an American product for his foreign policy, and still believes that it is good for the overall economy to trade that industry or a part of it in order to further his foreign policy. What recourse is there?

Mr. BYRD. The Senator is much more familiar with this question than is the Senator from Virginia, because the Senator from Nevada has devoted a great deal of time to it. If the President chooses to disregard the standards set forth in the bill, then a two-thirds vote in Congress can override the President, under the escape-clause provision.

Mr. MALONE. That would be the only recourse?

Mr. BYRD. That would be a recourse. The Senator has attended the hearings very faithfully. I regard the Senator from Nevada as one of the best informed and most studious Member of the Senate on this subject. He attended the hearings on this bill. I believe the Senator will agree that the proposed legislation greatly improves the Trade Agreements Act, as compared with any other bill, because it connects economic welfare with national security.

Mr. MALONE. I agree with the distinguished Senator from Virginia that the amendment is a gesture toward the welfare of the national economy, however, the President is the sole judge. The President still retains the power to trade any industry or a product to the foreign nation to further his foreign policy, if in

his judgment the overall economy of this Nation will be benefited. So he can trade an industry or a part of an industry to a foreign nation.

Mr. BYRD. Except that Congress by a two-thirds vote could override the President.

Mr. MALONE. Correct, that is the only recourse. Does the Senator agree with me that the whole theory and principle of the proposed legislation violate the spirit of the Constitution?

Mr. BYRD. The Senator from Virginia does not agree with that statement. The Senator from Nevada has laid great stress on that point, and he has made his arguments on that point before the committee time and time again. I supported the original Hull Reciprocal Trade Agreements Act of 1934. I do not agree with the concept of the Senator from Nevada that the President should have no authority to exercise this power. If Congress had to resort to enacting tariff laws—as complicated as they are now—it would be impossible for it to function.

Mr. MALONE. Why?

NINETEEN HUNDRED AND THIRTY TARIFF ACT— MISREPRESENTED

Mr. BYRD. With all the work we have to do, it is difficult now to function. The Senator from Nevada is a member of the Committee on Finance. We meet nearly every day. If Congress attempted to fix all of the thousands of tariffs, it would add enormously to its work. I do not believe it could be done.

Mr. MALONE. That is a point entirely misunderstood. The work would not revert to the Committee on Finance, if we reverted to the Smoot-Hawley Tariff Act of 1930. That act distinctly provides that the Tariff Commission, an agent of the Congress, shall determine the tariff on the basis of the "equalization of the cost of production" principle. The act provides that the Commission shall determine the tariffs on that basis. Congress can, of course, reverse any decision of the Tariff Commission. But, unless Congress deliberately holds hearings and determines the duty of a product as a special case on a particular product, the tariff is recommended by the Commission on the principle of equalization of costs and automatically becomes the tariff.

Congress, for 150 years, set the principle of the tariff representing the difference between the wage standard of living and taxes and cost of living in this country and in the chief competing country on each product. That difference becomes the tariff then unless Congress deliberately takes up a particular product as a special case. Does the Senator understand that?

Mr. BYRD. I understand that.

Mr. MALONE. What would Congress have to do then that it does not do now?

Mr. BYRD. Congress can nullify the action of the President by a two-thirds vote, if the President does not agree with the recommendation of the Tariff Commission.

Mr. MALONE. That is an improvement. I understand it is the first time such a provision has been included in

the act. It is a gesture back to the Constitution.

Mr. BYRD. The Senator should be glad to approve what little has been done along that line.

Mr. MALONE. I do approve it, but I wish the RECORD to be clear. If Congress does not extend the 1934 act and the whole matter reverts to the 1930 act, the tariff fixing job will not revert to the Committee on Finance or the Ways and Means of the House, except that of course such committees may consider any such legislation introduced in either House.

TRADE AGREEMENTS—CANCELLATION

Mr. BYRD. The Senator well knows that if the act expires it will not mean the termination of the trade agreements. To the contrary, the trade agreements will continue indefinitely in effect until one or the other of the parties to an agreement cancels it.

Mr. MALONE. Apparently I shall have to explain this subject again for the RECORD. Such agreements continue in effect unless and until 60 days' notice is served through the Secretary General of the United Nations on a nation for cancellation of these multilateral agreements. At the end of such 60 days, the fixing of the tariff on products covered under such an agreement would revert automatically to the Tariff Commission under the 1930 act.

Mr. BYRD. The other side of the picture is that if one or the other of the parties does not withdraw, the agreement continues regardless of whether we extend the Trade Agreement Act.

Mr. MALONE. I know the distinguished Senator understands it, but he has so many things to consider in committee that he may not have considered. Sixty days' notice on the part of any party immediately wipes out the agreement; there is no need for extension of the act.

Mr. BYRD. But if neither party withdraws, the agreement continues regardless of whether we renew the Trade Agreement Act.

Mr. MALONE. If and when we serve withdrawal notice from such agreements, at the end of 60 days the tariff-fixing job reverts to the Tariff Commission, an agent of Congress. The detail tariffs are not fixed by Congress under the 1930 Tariff Act.

Mr. BYRD. That is what I said.

Mr. MALONE. It requires 6 months' notice in the case of bilateral agreements.

Mr. BYRD. But failure to renew the act would not mean that our country would withdraw from existing trade agreements.

Mr. MALONE. The people would force our withdrawal in a very reasonable time.

Mr. BYRD. We can withdraw now, whether we reenact the law or not. We can still withdraw if we reenact it. We are in the same position. I am sure the Senator agrees.

Mr. MALONE. We can withdraw, but when Congress approves the extension it encourages the Secretary of State to continue such trade agreements.

Mr. BYRD. We do not have to renew the act. If we renew the act, we can still withdraw from a trade agreement.

Mr. MALONE. Yes; but when Congress approves the act again, this time for the 11th time, it does not encourage the President to withdraw from such an agreement. If we do not renew it then the American people will demand such withdrawal.

Of course, the act is now about to be extended, and will be retroactive to June 30, 1958, so all the trade agreements will be in effect and the Congress is approving an international division of American markets and a continued exercise by the President of congressional constitutional responsibility.

Mr. BYRD. They are in effect anyway.

Mr. MALONE. I want to make the record clear. If the Congress does not extend the act it will be a direct indication that we want the trade agreements canceled.

Mr. BYRD. They would not be in effect if we cancelled them, even though the Trade Agreements Act were extended. The agreements could still be canceled anyway. We have the same power to cancel, whether or not the Trade Agreements Act is renewed.

Mr. MALONE. When we adopt the conference report, we will be telling the President that we want the act to be operative for 4 more years.

Mr. BYRD. Under certain conditions, which I read to the Senator, we have given the President authority to act if the economic welfare of the country is affected, even as it relates to individual industries. I think that is a great step forward.

Mr. MALONE. Under the extension, the multilateral agreements which are made under the General Agreements on Tariffs and Trade can continue to be made. The agreements on tariffs conducted at Geneva can only go on, can only continue to be made if the act is extended. In that organization we are outvoted 36 to 1, and the competitive foreign countries are the regulators of our economic system.

Mr. BYRD. We already have agreements.

Mr. MALONE. But the foreign nations will be the judges of future agreements under the extension of the act; without the extension, the foreign nations cannot further divide our markets.

Mr. BYRD. We do not have to make future agreements.

Mr. MALONE. But the State Department will make them, as both the Senator from Virginia and I know, provided the authority to do so is continued through the extension of this act.

Mr. BYRD. The Senator and I have argued this question time and time again. I am glad to have the Senator from Nevada make a record. I respect his views, but I do not agree with him that we should not renew the Reciprocal Trade Agreements Act. I think it would be a great mistake not to renew it.

Mr. MALONE. I do not believe that the President should continue to exercise the constitutional power of Congress. I

will ask the Senator one more question. Does he agree that the Constitution of the United States, in article I, section 8, places the responsibility on Congress to regulate foreign trade through the fixing of duties, imposts, and excises, and places in the executive department the power to establish foreign policy, and that the two activities are deliberately separated by the Constitution?

Mr. BYRD. This is a question of the delegation of authority.

Does the Senator think it is illegal to delegate the authority to the Tariff Commission?

Mr. MALONE. I do not think it is illegal to delegate it to the Tariff Commission, an agent of Congress, set up and established by Congress. I think it is illegal to delegate it to the executive department. Congress did not set up the Executive—the President is not an agent of Congress.

Would it not be just as illegal to transfer to Congress the fixing of foreign policy, which, under section 2, article II, of the Constitution, is vested in the Executive? Would it not be just as illegal to do that?

Mr. BYRD. The Senator from Nevada knows that the Senator from Virginia is not a lawyer. I cannot answer that question.

Mr. MALONE. A lawyer is not needed to answer that question.

Mr. BYRD. Neither one of us being a lawyer, I think we had better ask a lawyer.

Mr. MALONE. There are about 65 lawyers in the Senate, and still we find the transfer of the constitutional responsibility of Congress to the President continues over the years.

Mr. BYRD. It is quite possible that they would all give different opinions.

Mr. MALONE. Would it not be just as legal to transfer the fixing of foreign policy from the Executive to Congress as it is for Congress to transfer the regulation of foreign trade to the President?

Mr. BYRD. I cannot answer the Senator's question.

Mr. MALONE. Even if it was constitutional, it would be unwise. Mr. President, the Senate changed the provisions of H. R. 12591 from the 5-year period and a reduction of 25 percent, as recommended by the House, to a 3-year period and 15 percent. We also limited the authority of the President to 5 percent a year; and if he does not use the 5 percent each year, the unused amount is not cumulative.

So far as the authority for tariff increases are concerned, they are left the same as they were in the House bill in the first instance.

As to the escape-clause procedure, the House bill recommended that the President, when he wanted to disregard any recommendation of the Tariff Commission affecting the escape clause, could be stopped from doing so by a two-thirds vote of each House. That provision has been retained in the conference report.

The Committee on Finance recommended to the Senate—and the Senate adopted the recommendation—that whenever the President saw fit to disregard the recommendation of the Tariff Commission, in an escape-clause ac-

tion, then his action must first be approved by a majority vote of each House. This was a gesture toward the Constitution. The conference report has deleted that provision of the Senate bill and has reverted to the two-thirds vote of both Houses to nullify such action.

The national security amendment requires that the President consider the effect on the economy of disregarding the Tariff Commission's recommendations.

He must consider the effect on the economy of trading a part or all of an industry to a foreign nation to further the President's foreign policy. It has been well established that the President has had that authority for 24 years. The report does not say that there is any check on his judgment at all, except the provision for a two-thirds vote of the House and Senate to overrule what the President has done.

The President can take into consideration all conditions of the economy and decide as he has been deciding. I am talking about any President—not the present or a past President. For 24 years the President has had the authority, and has used it, when he has considered that the overall economy would benefit, and when he thought it right and proper to sacrifice any industry or any part of an industry so as to further the Nation's foreign policy. That is what has been done for 24 years.

No private investment is safe under that principle of operation.

We debated in the Committee on Finance, and also on the Senate floor, the establishment of a nine-man commission to check the effect on the effect the actions of the President and of the Geneva multilateral trade agreements, past and future, on the economy. Within a year we would have had a preliminary report and within 2 years a final report on what the effect actually is. There can only be one effect of losing an industry.

Mr. President, there are 259 depressed areas in the United States. The Secretary of State testified before the Committee on Finance that these things were to be expected. In other words, he said there would be hardship and loss of jobs from imports. The State Department has long recommended that an appropriation be made to provide for the training of workmen for other jobs who have been displaced from their jobs by the legislation which has traded numerous industries down the river. Also to pay their expenses to other areas where the other kind of work is located, and, furthermore, to compensate the stockholders and owners of such businesses.

I have said before that that is the way it is done in Russia, except that in Russia it is not necessary to have a legislative act.

There is no question that the intent of the separation of powers, as provided in the Constitution of the United States, is clear. The debate which took place in the days when the Constitution was being drafted makes it clear that the fixing of foreign policy and the regulation of foreign trade and the national

economy, which in effect is what the regulation of foreign trade is, are separated deliberately and pointedly.

So if Congress has the authority—I do not think it has constitutionally, but it has been impossible to get a ruling by any court so far, though I think we are getting closer to it each year—it would be unwise to link together the regulations of the national economy and the fixing of foreign policy.

Under the Trade Agreements Act, the Executive can and does deliberately trade a part of the economy of the United States to a foreign nation in order to further his foreign policy. There are plenty of questions about our foreign policy, but the President is the judge of foreign policy, under the Constitution. The division of powers under the Constitution deliberately and pointedly prohibits the executive from trading any part of the economy to a foreign nation under a treaty or by signing a trade agreement.

But Congress in 1934 saw fit deliberately to tie those two provisions together. So it is just as constitutional to transfer to Congress, by legislative act, the fixing of foreign policy, which the Constitution, article II, section 2, places in the Executive. The President would probably veto such a bill, but a two-thirds vote by each House of Congress could pass it. Then a judgment by the Supreme Court would be necessary to nullify it. But it would be just as legal and just as reasonable to place both those policies in the hands of Congress.

So, Mr. President, as a constitutional matter, there is no question about what we in Congress should do. It is said that we will raise the standard of living of the foreign countries. But let us look at the record. We have had 24 years of experience with this act. What we have done is to give foreign countries \$70 billion since World War II with which to build plants almost everywhere, and the plants use cheap labor to manufacture goods which are exported to the United States, under a free-trade policy, to put our workers on the streets. There are almost 6 million of them on the streets right now, as a result.

Mr. President, do we really mean what we say—namely, that we want to raise the standard of living of the workingmen of foreign nations? I have visited practically all of them, and I have inspected their industries. We must realize that the standard of living of the ordinary workingmen in these countries is not being raised. Instead, their wages are being held down. The money we provide is used in three ways. One is for the construction of industrial plants in those countries. Another is to pay off the dictators. Another: the American investors in these foreign countries assist in holding down the wages of the workingmen there, and take, as a profit, the difference between the price the market in the United States will bear and the cost of the product, based on the wages paid in those countries.

Furthermore, Mr. President, we must realize that many proposals come be-

fore the Senate Finance Committee. At one time it was legal to buy a dictator and deduct the price from the income tax. A contractor could buy a dictator and deduct the price from his income tax. If that cost him \$1 million or \$500,000, he could write off that amount as a deduction in connection with his income tax; and our Government recognized the validity of that deduction. Without going into record, I invite the attention of the Senate to that situation.

So, instead of raising the wages of the low-paid workers of countries all over the world, we have paid off the dictators, and have recognized those payments as proper deductions for income tax purposes.

Mr. President, the people of the United States west of the Potomac River are getting tired of buying the people of foreign nations with the people's tax money. The \$70 billion and more we have poured into these countries since World War II and, by means of the Free Trade Act, since 1934, have resulted in 2 world wars and, according to the Secretary of State, an imminent 3rd war—world war III.

So we are not stopping wars with the taxpayers' money, and we are not buying friends; and we shall find that within a year—or 2 years, at the outside—the European nations will say that their security is threatened, and thus will force us to abandon the bases we have there.

So, Mr. President, we are being blackmailed for the money, but we are supporting the construction of industrial plants in a great many foreign nations to compete with our own.

Furthermore, Mr. President, foreign nations, which have lived by their wits for 300 or 400 years, understand the shading of tariffs, import permits, exchange permits, and their use to force the construction of American plants in their own countries.

They understand that process. The people of the United States simply do not understand the procedure. The employees of the State Department who are running this business, by means of conferences, are making bilateral treaties; and in that connection the United States is only 1 of 37 members of the organization at Geneva making multilateral trade agreements. These employees of the State Department either do not understand what they are doing or, worse, they understand it, but do not care that it has a most adverse effect upon the United States. The whole process merely amounts to a division of our wealth and markets on an international scale; it constitutes international socialism in its worst form.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The question is on agreeing to the conference report.

Mr. FLANDERS. Mr. President, I wish to speak on the report.

It was with real consternation that I learned in the press that the House had objected to the inclusion of section 9, which calls for the establishment of a commission to report on the effect on American business and industry of the

reciprocal trade practices. The reasons on the part of the House, I cannot understand.

I venture to prophesy that unless the actual conditions which result from the reciprocal trade treaties are corrected by future policy, insofar as they can be corrected—and some of them are incor-rectable—the whole reciprocal trade treaty structure will fall into disrepute and decay.

In industry after industry, particularly the small industries, the effects of the reciprocal trade treaties have been disastrous. The theory is that after the blow has fallen, the industry may appeal to the Tariff Commission. But by then, it is too late.

The assumption on the part of the State Department is that our industries may properly be vulnerable for the sake of a greater good. I think we may accept the possibilities of a greater good; but we cannot accept the use of the scales or balance in which the State Department weights the goods and the ills which result from the reciprocal trade treaties.

Mr. MALONE. Mr. President, will the Senator from Vermont yield for a question?

Mr. FLANDERS. I yield.

Mr. MALONE. Does the distinguished Senator from Vermont understand that the phrase "reciprocal trade" never has appeared in the so-called Reciprocal Trade Act?

Mr. FLANDERS. That is news to me; and I find it interesting.

Mr. MALONE. Has the Senator from Vermont ever found that phrase in the act?

Mr. FLANDERS. I never looked for it.

Mr. MALONE. It is time for Senators to start looking for it.

Mr. BYRD. Mr. President, will the Senator from Vermont yield to me?

Mr. FLANDERS. I yield.

Mr. BYRD. The Senator from Vermont is a very valuable member of the Finance Committee, and I wish to pay my tribute to him, and at the same time express my great, personal regret that he is retiring from the Senate and from the committee.

I was very much in favor of the amendment of the Senator from Vermont. A number of changes were made in it; and the changes seemed to lead the House conferees to the conclusion that it would be inadvisable to adopt the amendment. In fact, there was very considerable opposition on the part of the House conferees.

The Senate conferees had to reach an agreement in some way; so they had to agree to recede from the amendment, which calls for an investigation.

The Senator from Vermont knows that I cooperated with him in the fullest measure to bring about the adoption of his amendment by the Senate Finance Committee and by the Senate as a whole.

Mr. FLANDERS. Is it proper for the Senator from Virginia to tell us what specific changes put this amendment in question?

Mr. BYRD. There were a number of changes. The Senator from Vermont will recall that the Secretary of Com-

merce submitted a number of changes. As I recall, I sent his letter to the Senator from Vermont; and he himself made other changes. Is that correct?

Mr. FLANDERS. Yes; the Secretary of Commerce suggested many changes, for the consideration—I take it—of the conference committee. But they are not in the conference report.

Mr. BYRD. But they were sent to the committee, and I understood that the Senator from Vermont had agreed to them.

Mr. FLANDERS. I would agree to them, provided they would assist in the inclusion of section 9. But apparently, instead, they resulted in scuttling of section 9; that is my conclusion on the basis of what the Senator from Virginia has just now told me.

So I believe it would be entirely appropriate to return to the language of the bill as passed by the Senate.

Mr. BYRD. What happened was that the amendments suggested by the Secretary of Commerce, and which had the approval of the Senator from Vermont—that is correct, is it not?

Mr. FLANDERS. Approval without enthusiasm, but in the hope that they would assist in the retention of section 9. My judgment was they were very poor.

Mr. BYRD. They were approved and then they were adopted. I was not acting as chairman of the conference committee. Representative MILLS was acting as chairman. The amendments were adopted without objection. Then the question came up on all the amendments—there were 28 of them, as I recall—

Mr. FLANDERS. I think they must have multiplied like rabbits after they left my desk.

Mr. BYRD. The objection came from the House side that this was another Randall investigation, and so forth, and they asked that the Senate recede from that amendment.

Mr. FLANDERS. I should like to read, Mr. President, from the original section 9 of the bill. The part which relates to what the Commission shall investigate and then report to this body is not a provision for a second Randall Commission.

Let me read from section 9 of the bill:

Without limiting the general scope of the investigation—

Mr. BYRD. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. BYRD. I do not agree with the position taken that it would be a second Randall Commission. I was a member of the Randall Commission.

Mr. FLANDERS. The Senator agrees that the section does not call for a second Randall Commission?

Mr. BYRD. That is correct.

Mr. FLANDERS. The Senator from Virginia and I are in agreement on this particular point.

Mr. BYRD. I was merely pointing out the objections made by the House conferees.

Mr. FLANDERS. I again read from section 9 of the bill:

(2) Without limiting the general scope of the investigation the Commission shall con-

sider and report on the following matters:

(A) the number of labor hours lost by expanded imports through concessions granted in trade agreements, as balanced against the increased labor hours resulting from expansion of exports through concessions received from foreign countries.

It is very important in the conduct of any sensible reciprocal-trade negotiations that those figures be known—at least, that a careful estimate be made of them—because if we grant concessions which result in decreased labor hours and do not get concessions resulting in substantially equal increased labor hours, then, whether the word "reciprocal" occurs in the law or not, we have no right to call it reciprocal trade. Those figures should be examined and known. That is not a Randall Commission procedure.

I read further from section 9:

(B) the effect of tariff reductions under past trade agreements on small and local industries.

Mr. President, I have more or less made a nuisance of myself in connection with small and local industry, of which we have two cases in Vermont, to wit, the spring clothespin industry. What is more ridiculous than to stand on the floor of the Senate and make a plea for 2 small spring clothespin industries in 2 small towns in Vermont? Why do we worry about such small and local and unimportant industries, so far as the general economy of the country is concerned? It is ridiculous on the face of it. But, Mr. President, it is not ridiculous, because I have used that particular industry as a type of hundreds of other industries.

I use it because I know it. I use it because I have a local concern for it. But there are thousands of other communities in the United States which have similar local concerns, and the aggregate of those small industries amounts to a very large part of the total industry of the United States.

Worse than that, the Government is in the position of speaking out of the two sides of its mouth, simultaneously. I think the proper term or the derivation from the Latin for speaking out of the two sides of the mouth is equivocation. The Government is equivocal so far as small business is concerned. Out of one side of its mouth is says, "We are all for small business, and we will do this, that, and the other." Out of the other side of its mouth, through reciprocal trade treaties, it effectively destroys small business.

So the purpose of the provision, the effect of tariff reductions under past trade agreements on small and local industries, is to endeavor to ascertain how serious that effect is, so the Government may decide whether it is going to be equivocal or whether it is going to be straightforward and honest.

Item (C) of section 9 reads:

(C) what industries may become vulnerable and what industries would not be vulnerable to decrease of employment and production if present trends of foreign competition continue.

That is asking for a Commission report. We have the equivalent of that provision or what should be the equivalent.

lent, in the peril point estimation which the Federal Trade Commission puts before the negotiators.

The actual results of the negotiations indicate that either 1 of 2 things takes place: Either the Tariff Commission does not use good judgment in making its peril point estimations, or the Department of State pays no attention to them, because month after month, year after year, the industries of our country get into a more and more difficult situation.

Certain new events have taken place in the world since the reciprocal trade treaty program was first initiated and carried out. Subsection (D) relates to one of them. The Commission is to examine:

(D) the possible effect of the exportability of American capital (whether direct or by private or governmental loans), equipment, and technical experience into other countries.

As a matter of fact, in industries with which we are perfectly familiar, with respect to which I have personal knowledge, the time is approaching when the effect of the tariffs now in force, many of which have been affected by the reciprocal trade treaties, will be that in extensive areas it will no longer be possible to undertake to export large volumes of products from this country to foreign countries directly. So the businesses involved take their capital and equipment and business know-how into foreign countries and manufacture products there for export into those parts of the world where American manufactured goods can no longer go, owing to the high prices and the inadequacy of tariff protection as compared with the prices.

There is, of course, a factor here involved which is outside reciprocal trade treaty cognizance, and that is the spiraling inflation of wages and prices, which makes more and more American industries vulnerable to foreign competition, and which therefore enlarges year by year the area of danger.

Mr. President, item (E) of the bill as it passed the Senate required the Commission to consider and report on "the extent to which the products of such exported facilities have entered the American market or otherwise affected American production and employment."

The presently important element is the latter in that American production and employment, which formerly was able to export these products, is no longer able to do so. Therefore, American production moves abroad in order to retain its foreign markets. The whole matter, however, opens up the possibility of reexport into this country, and we should find out to what extent such is going on.

Item (F) of the bill as the Senate passed it asked for an investigation to consider and report on "the extent to which the United States has used up its bargaining margin, including the extent to which tariff rates have been reduced and potential future reduction."

Mr. President, the supporters of the reciprocal trade agreements in their present form keep saying, "What do you want to do? Do you want to go back to the Smoot-Hawley Tariff Act?" That is

not the question. The fact is—and it should be noted and reported on—that the United States now, as I stand in the Senate speaking, is one of the low tariff countries of the world. The question which is asked to be reported on in this item is as to whether our tariffs have become so low that there is not much room to go lower in negotiations. I am sure that is true with respect to many commodities. We should have a report on the matter.

I referred in passing to the next item, (G), in which the Commission is asked to consider and report on "the possibility of a reduced rate of exports due to more rapid inflation of the cost of labor, materials, and other elements of production in the United States than in foreign countries."

Item (H) asks for a report on "the desirability in special cases of employing quotas rather than tariff adjustments."

In that respect I wish to state that in the past 2 or 3 years there have been many cases in which tariff adjustments sufficiently high to protect our industries from, let us say, oriental competition, would have had to be so high that they would have entirely eliminated our best friends in the Western World, so far as having any access to our markets is concerned.

Item (I) asks the Commission to consider and report on "the extent of existing authority for trade adjustment assistance for industries adversely affected by foreign trade policies and the need for additional legislation."

Mr. President, a reciprocal trade bill without such a fundamental examination is something which the Congress ought not to pass. Congress simply ought not to pass such legislation, because the direction in which we are going is fraught with trouble, and the trouble will become deeper and deeper as the years go by.

I therefore move, Mr. President, that the Senate conferees return to the conference with the instruction that the original provisions of section 9 of the bill be presented for acceptance by the conference managers on the part of the House.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

The PRESIDING OFFICER. The motion of the Senator from Vermont—

Mr. MALONE. Mr. President, I wish to discuss the motion.

Mr. CARLSON. Mr. President, I believe the Senator yielded to me.

Mr. FLANDERS. I yielded to the Senator from Kansas.

The PRESIDING OFFICER. Does the Senator wish to have the motion restated?

Mr. MALONE. Mr. President, before the motion is put to a vote, I desire the floor.

Mr. FLANDERS. Mr. President, I understand I have the floor. I am perfectly willing to yield to the Senator from Nevada, but I have already yielded to the Senator from Kansas.

Mr. CARLSON. May I ask the Senator to repeat his motion?

Mr. FLANDERS. The motion is that the bill, H. R. 12591, as passed by the Senate, be returned to the conference committee with instructions that section 9 as passed by the Senate be reinserted in the bill.

The PRESIDING OFFICER. The Chair is advised by the Parliamentarian that the motion is not in order at this time, because the House of Representatives has already agreed to the conference report.

Mr. FLANDERS. May I inquire what motion is in order? Is it in order that I move the conference report be rejected?

The PRESIDING OFFICER. Such a motion would be in order.

Mr. FLANDERS. Is that the proper motion at this stage? If it is, I make that motion.

Mr. CARLSON. Mr. President, will the Senator yield to me?

Mr. FLANDERS. I yield.

The PRESIDING OFFICER. Let us get the parliamentary situation straight. The question is on agreeing to the conference report. If the conference report is rejected, then another conference could be requested.

Mr. CARLSON. Mr. President, as one who supported the amendment or proposal of the distinguished Senator from Vermont in the committee—and I supported it enthusiastically—I regret sincerely it was not made a part of the conference report. I feel confident it provided for a study which should be made. In fact, I think the study must be made in the next year or two.

I regret the parliamentary situation is such that the provision for such a study cannot now be made a part of the conference report without the Senate's declining to accept the conference report and sending the bill back to conference. In view of the fact that we are late in the session, I would dislike to support the motion of the distinguished Senator from Vermont upon that basis.

I make this statement, Mr. President, as one who firmly believes we must have a study, and that we will have a study. As one who expects to be a Member of the Senate Committee on Finance in the next session of Congress, I assure the Senator from Vermont, that this is a matter which is going to receive some consideration by the committee. I assure the Senator of that.

I felt very much interested in the proposal when it was offered. In fact, I thought it was a wise suggestion for the Senator from Vermont to make. As he is leaving this body after many years of very distinguished service, I thought it would constitute a landmark to his career of service. Therefore, I was hopeful the Senator's proposal would be retained in the bill. It is not. I think under the circumstances it is too late for us to act on the matter at this time.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator yield to me?

Mr. FLANDERS. I promised to yield to the Senator from Nevada.

Mr. MALONE. That is all right. I will wait and obtain the floor in my own right.

Mr. FLANDERS. I yield to the Senator from Pennsylvania.

Mr. MARTIN of Pennsylvania. Mr. President, I was one of the conferees. The Senate conferees made every possible effort to have the proposal of the distinguished Senator from Vermont agreed to as a part of the legislation. The House conferees were adamant against it. The House conferees seemed to base their disagreement on the fact that the so-called Randall Commission had not done a good job.

Personally, I have very strongly favored this proposal. I thought the provision espoused by the distinguished Senator from Vermont was very constructive. He outlined a plan which, to my mind, would be very helpful to the country. However, as I have already stated, the House conferees were adamant against it. As the distinguished Senator from Kansas has already stated, we are in the closing days of the session, and the reciprocal trade bill is very important legislation.

While I favor the Senator's proposal, yet I regret being in a position in which it will be necessary for me to oppose it now.

Mr. FLANDERS. Mr. President, I can understand and sympathize with the points of view of the Senator from Kansas and the Senator from Pennsylvania. However, I bring to their recollection the fact that we were told by the representatives of the State Department that no negotiations of importance were expected for the next 3 years, while they were waiting to prepare their case for the new trade agreements in Western Europe. Therefore, at the worst, it does not seem to me that irreparable damage would be caused by postponing this legislation until the next Congress. It would be a most dangerous thing if the position of the State Department, and its obtuseness with regard to the effects on American industry, were to go unchallenged. They should be challenged. As a matter of fact, the position of the State Department is that reciprocal trade is a holy doctrine of a holy religion. In support of it, the State Department officials do not get down to basic information and reasoning, as section 9 would direct them to do. Instead, they hold revival services. They held a revival service a couple of months ago downtown, to whoop up spiritual enthusiasm in the hope of making some conversions.

This is not a religious doctrine. This program is something which needs to be analyzed in the light of facts, logical reasoning, and good judgment. So I still hold to my motion, and ask that it be considered.

MOTION TO REJECT THE CONFERENCE REPORT

Mr. MALONE. Mr. President, I join with the distinguished Senator from Vermont in asking that the conference report be rejected and revert to the Constitution of the United States if the House will not accept the Senate provisions.

The distinguished Senator from Vermont deserves a great deal of credit for proposing the amendment to set up the Commission to investigate the effect of

the free trade on the economy—it is long overdue. This amendment was later approved on the floor of the Senate.

I think we can feel highly complimented in this fight. In 1948 I believe there were two votes against the extension of the 1934 Trade Agreements Act, which is destroying and has destroyed many industries in the United States. One of them was mine.

We are living on a war economy. During the 12 months ending July 1, 1958, we spent about \$40 billion. We shall spend \$60 billion or thereabouts in the coming 12 months on war preparation and to keep troops in 60 different nations. No doubt it will afford a shot in the arm to an economy which is slowly being destroyed, but it is not a healthy condition.

I believe the distinguished Senator from Vermont will agree with me that we should be complimented since this time it required editorials twice a week in the metropolitan press; the efforts of the motion picture industry, headed by Eric Johnston, who held a 1,000-person revival—and you will remember I submitted a Senate resolution which would require him to register as a lobbyist, and tell where he got the money to hold the revival; it required the White House; the State Department; the Commerce Department; and a threatened war in the Middle East to even pass an amended bill this time.

We retained three amendments in this extended bill which the freetraders, who are riding for a world government so fast that they will be scared to death, may find troublesome.

Mr. President, I wish to join in complimenting the distinguished chairman of the Committee on Finance. I have the highest regard for him, and I want it distinctly understood that anything I say in opposition to the trade bill is not any reflection on the Senator from Virginia. I have the highest regard for his integrity and ability. He has been the chairman of the powerful Senate Finance Committee—in my judgment the most powerful committee in Congress—for about 20 years.

The American people built the American economy on the basis of protective principles. In 1789, the first tariff bill was a protective bill. What did it mean? It meant that if we were to raise our standard of living above that of the rest of the world, there must be something to represent the difference in wages, the difference in taxes, and the difference in the cost of doing business in the United States, as compared with similar costs in each of the competing nations with respect to each product.

That was the principle on which we operated for 150 years. We raised our standard of living on that principle high above all the other nations except Canada, our neighbor. There was no comparison. There was no effort in most of the foreign nations in Asia and Europe to raise their standard of living. Wages remained about the same relative to the cost of living. They paid barely enough to keep body and soul together. So foreign nations created no market in their own countries.

AMERICAN MARKET

In this country we allowed wages to rise along with increased productivity, and thereby created a market in this Nation. The American market is the objective of every other nation in the world. Take the American market out of the Geneva Trade Conference, and there will be no more Geneva. No meeting will be held.

Every nation in the world but America protects its industry, its workingmen, and investors, once the investment is made. They do it by tariffs, import permits, exchange permits, and other devices. There is absolutely no reciprocity in the operation of the act. It represents a division of the American markets on an international scale. Representatives of 36 of the 37 nations are sitting in Geneva waiting breathlessly for the adoption of this Conference report, so that they may continue the division of the American market among them. We have 1 member out of 37 in that distinguished body which meets in Geneva. Of course, it is well known that the State Department wants to divide the American markets among the 36 foreign competitive nations. Such division induces such foreign nations to sign agreements and treaties which none of them intend to keep.

European nations will be found to be neutral in any future world war. They must be, or they will be destroyed in 30 minutes. We hear a great deal of poppycock about the grandiose agreements which the Secretary of State is signing all over the world, wherever he can get two or more people together to sign such an agreement.

One of the things which I believe this distinguished body overlooks is the fact that the 1934 Trade Agreements Act, which is laughingly referred to as the Reciprocal Trade Act, does not contain in it anywhere, from beginning to end, the words "reciprocal trade." It was never intended to be reciprocal and is, of course, not reciprocal.

It has been said that the act has not been a success. I disagree. It has been a success for the purpose for which it was enacted. Who organized the movement? Who is behind it? Frank Coe, one of our better early traitors, and his crowd. In 1932, 1933, and 1934, then Alger Hiss came along. Then Harry Dexter White, of World Bank fame, came along.

All of these fine traitors recommended the continued extensions of the act to divide the American markets with the foreign nations. There are three things which contribute to the destruction of the workingmen and investments in American industry. First we went off the gold standard in 1933 and deliberately entered the greatest period of inflation the world has ever seen. We destroyed our savings. We destroyed our pensions and funds. We lowered our wages continually through inflation. We have done that over the last 24 or 25 years. We have priced ourselves out of the world market through inflation. There is nothing we can sell in the world market at a profit. The taxpayer, of course, makes up the difference between the

world price and what it costs to produce an article in this country. That is what we call world trade.

Then there are the billions of dollars we have sent abroad. We have given \$70 billion to foreign nations to build plants in which to use cheap labor. In that way materials are produced by low-cost labor, and those materials are sent to this country, and in that way we destroy the American workingmen and investments.

The 1934 Trade Agreements Act has worked according to what the sponsors of the act had in mind—and I have just named those sponsors—and it has done what its sponsors wanted it to do; and that is to destroy the American economy.

There are three parts to this entire plan. However, they are brought before Congress one at a time. No one ever discusses the other two parts while debating the first. The Committee on Finance meets the entire problem. It discusses how we shall have to raise pensions, and by how much we shall have to raise the salaries of Government employees. It discusses how we can best keep track of inflation.

For 150 years we have built our American economy to higher standards than has been possible to do in any other country of the world, in accordance with our own ability to absorb our products. It must be remembered that no individual or nation will buy anything from another nation or individual that he can buy the same quality cheaper from someone else. Private American foreign investments amount to \$50 billion since World War Two, to hire cheap labor, using about 3 percent of American technicians to train the low-cost workers, and to take the difference between what the traffic will bear and the wages of that country as a profit.

We have fallen into the trap.

The President says "We will not hurt American industry. We have a peril-point provision. We have an escape clause. If any industry can show that it is seriously hurt, we will do something about it." Every President of the United States since 1934 has made the same statement: "Oh, no, we will not hurt any American investor or any American workingman."

The fact is that the State Department has always suggested that we pass an act to compensate the people who lose the markets at home. There are 5,000 products that have been injured—and that has gone into national defense, which is now costing us \$60 billion per year.

For 150 years we in America have made it possible for a man to build a business and produce a product in competition with another American, paying the same taxes and the same wages. If he could meet that competition, he was in business. If his judgment was good, he would stay in business. If he could not compete, he was out of business. He had to compete with other Americans who paid the same wages and the same taxes and had the same overhead. But he did not need to compete on an equal basis with foreign low-wage countries.

In 1934 we changed all that. The State Department, covering up the best

it can, has always been for the division of our markets with the low-wage nations of the earth. They have taught other Americans, who do not understand the full purport of it, to say, "Well, if you cannot compete with some other country, you are out of business." They mean by that that Americans must compete with the low wages in foreign countries. If we want to hold to our standard of living, which we did maintain for almost 50 years, and if we say that we want to hold our wage and standard of living, and at the same time say we are in favor of free trade, we are on opposite sides of the fence.

The way to help foreign labor is to take the profit out of such labor at the water's edge. Then unable to profit in our markets with such labor they will go home and allow the wages to raise and create a market at home.

COTTON ACREAGE

Mr. FLANDERS. Mr. President, I should like to suggest the absence of a quorum.

Mr. TALMADGE. Mr. President, will the Senator withhold his suggestion of the absence of a quorum? I have a brief speech which I desire to make and which will not take me more than 10 minutes to deliver.

Mr. FLANDERS. On what subject?

Mr. TALMADGE. On a subject different from reciprocal trade.

Mr. FLANDERS. I hope the Senator is as accurate in his judgment as to how long his speech will take as I have tried to be in that regard in the years I have served in the Senate. I withhold my suggestion of the absence of a quorum.

Mr. TALMADGE. I believe when I have concluded my remarks the Senator from Vermont will understand that I did not underestimate the time required.

Mr. FLANDERS. I have great confidence in the Senator from Georgia.

Mr. TALMADGE. I thank the Senator, and I reciprocate that confidence so far as the Senator from Vermont is concerned.

Mr. President, I am greatly disturbed by the refusal of the House of Representatives even to consider the Senate-passed farm bill, and I fear that the full import of that action has not been realized.

If Congress fails to enact new farm legislation before it adjourns, it will precipitate an agricultural crisis which will destroy the cotton economy of the United States.

The Secretary of Agriculture already has announced that, in the absence of new legislative authority, he will act under existing law to set cotton acreage for 1959 at the absolute minimum of 13.6 million acres. He has made it quite clear that he will not exercise any of his discretionary authority to afford relief through administrative action.

Such an eventuality will mean that every cotton farmer with an allotment of 4 or more acres will take an acreage reduction next year of approximately 22 percent. And those farmers with allotments of 4 or less acres will be cut even more because they have been protected from reductions for the past 2 years un-

der legislation which expires this year.

Mr. President, no cotton farmer, small or large, can stand such an acreage cut without dire economic consequences to himself and the allied industries dependent upon him. It will spell doom for the small family-type farmers of Georgia and the Southeast and will force them off their farms and into the towns and cities to compete for already scarce nonfarm jobs and to add to the already staggering unemployment rolls.

There presently is a shortage of good quality, spinnable cotton, and the supply will dwindle further this year as the result of the curtailment of cotton planting which has resulted from the operation of the soil bank.

Should only 13.6 million acres be planted next year, the United States will not produce enough cotton to supply its domestic and export needs.

It does not take an economist to see that to force cotton into short supply not only will foreclose any possibility of this Nation regaining its export markets, but also will destroy the domestic market for cotton by forcing textile mills to convert to cheaper synthetics in order to survive in the competition with continually increasing cheap textile imports from abroad.

It is unthinkable that Congress will permit such a situation to develop. Its economic repercussions likely would trigger a depression which would make the recession of earlier this year seem like a Sunday school picnic by comparison.

If it is impossible for Congress to enact comprehensive farm legislation at this session, it becomes all the more essential that it at least act to provide temporary relief for cotton.

I call the attention of the Senate to a vehicle through which such relief can be afforded. There is on the Senate Calendar, order No. 1393, a bill which I introduced for myself and five of my colleagues which would do just that. It is S. 3408, which was reported unanimously by the Committee on Agriculture and Forestry on last March 11. Its principal objective is to maintain the status quo for cotton. It would do that in three ways:

First, it would prevent the total acreage allotted to cotton from being reduced below the acreage allotted in 1957.

Second, it would make permanent the provisions of law which have been applicable for 1957 and 1958 to provide for minimum National, State, and farm acreage allotments and for additional acreage required to help States and counties in meeting those minimums.

Third, it would keep surrendered acreage within the county so long as it can be used there.

Mr. President, I ask unanimous consent that the text of Senate bill 3408 and Senate Report 1371, explaining the bill, be printed at this point in the RECORD.

There being no objection, the bill (S. 3408) and the report (No. 1371) were ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That (a) section 342 of the Agricultural Adjustment Act of 1938,

as amended, is amended by striking out the last two sentences of such section and inserting in lieu thereof the following: "Notwithstanding the foregoing provisions of this section, the national marketing quota for cotton for 1958 and subsequent years shall be not less than the number of bales required to provide a national acreage allotment for each such year equal to the national acreage allotment for 1956: *Provided*, That if the acreage allotment for any State for 1958 or any subsequent year is less than its allotment for the preceding year by more than 1 percent, such State allotment shall be increased so that the reduction shall not exceed 1 percent per annum, and the acreage required for such increase shall be in addition to the national acreage allotment for such year. Additional acreage apportioned to a State for any year under the foregoing proviso shall not be taken into account in establishing future State allotments."

(b) Section 303 (e) of the Agricultural Act of 1956 is repealed.

(c) Notwithstanding any other provision of law, the total acreage allotted for any crop of upland cotton shall not be less than that allotted for the 1957 crop of upland cotton.

SEC. 2. Paragraph (2) of section 344 (m) of such act is amended by striking out the period at the end of the second sentence of such act is amended by striking out the thereof the following: "; but no such acreage shall be surrendered to the State committee so long as any farmer receiving a cotton acreage allotment in such county desires additional cotton acreage."

Amend the title so as to read: "A bill to amend the Agricultural Adjustment Act of 1938, as amended, so as to provide minimum National, State, and farm acreage allotments, and for other purposes."

SENATE REPORT NO. 1371

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 3408) to amend the Agricultural Adjustment Act of 1938, as amended, so as to provide that cotton-acreage allotments for the States for 1958 and subsequent years shall be no less than in 1956, and for other purposes, having considered the same, report thereon with a recommendation that it do pass with amendments.

This bill, with the committee amendments, would make permanent the following provisions of the cotton-acreage-allotment law, which are now applicable only for the years 1957 and 1958:

(1) The provision for a minimum national acreage allotment equal to the 1956 allotment of 17,391,304 acres;

(2) The provision for minimum State acreage allotments; and

(3) The provision for minimum farm allotments and for the national acreage reserve established to provide additional acreage for Nevada and for other States to meet their needs in providing minimum farm allotments.

In addition, it would (a) prescribe that the total acreage allotted to cotton in any year should not be less than the total acreage allotted to cotton in 1957; and (b) keep cotton acreage surrendered under the surrender and reapportionment provisions of the law within the county, so long as any farmer in the county who has a cotton acreage allotment desires the surrendered acreage.

The committee amendments to the first section of the bill are designed to make that section conform to the action taken by the committee in reporting Senate Joint Resolution 162. The committee believes that present conditions require many changes in the farm program, but that these may take a little time to work out and, in the meantime, any reduction in total allotted acreage or in minimum allotments which might adversely

affect farmers and the farm program should be stayed.

The total acreage to be allotted for upland cotton under the bill would be not less than 17,585,463 acres (the total acreage allotted in 1957); and this will be allotted in the following manner. As required by the last 2 sentences of section 342 of the Agricultural Adjustment Act of 1938, as extended by the bill, a national acreage allotment equal to not less than the 1956 national acreage allotment of 17,391,304 acres will be apportioned to States as provided in section 344 (b) of the Agricultural Adjustment Act of 1938, as amended. An additional 100,000 acres will be set aside for apportionment as required by section 303 of the Agricultural Act of 1956 as extended by the bill (to provide additional acreage for Nevada and for minimum farm allotment requirements). The remainder of the total acreage to be allotted (or 94,159 acres if the national allotment is not more than 17,391,304 acres) will be used to increase each State allotment to 99 percent of its share of the national acreage allotment for the preceding year. Any part of such 94,159 acres not so used, will be apportioned to States on the basis of their applicable 5-year base.

If the increase in the 1958 acreage allotment for any commodity would be so small as to make its allotment to States, counties, and farms impractical and too small to be of material benefit to farmers, it is not intended that such allotments would be made.

Transfer of cotton acreage from one county to another hurts the economy of the county from which the transfer is made. Section 2 of the bill therefore prohibits such transfer in the case of acreage surrendered for reapportionment so long as any farmer in the county with a cotton acreage allotment desires such acreage.

The bill repeals certain provisions applicable to 1957 and 1958 simply because those provisions have already been executed. No substantive change in the law therefore is intended by this repeal. Additional acreage allotted in 1957, which under existing law would not be counted in computing future allotments, would not be counted under the amendment made by the bill.

Enactment of this bill would not result in any additional expenditure.

The committee amendment to the title is designed to reflect the committee amendments to the bill.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

AGRICULTURAL ADJUSTMENT ACT OF 1938

SEC. 342. Whenever during any calendar year the Secretary determines that the total supply of cotton for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year, the Secretary shall proclaim such fact and a national marketing quota shall be in effect for the crop of cotton produced in the next calendar year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the number of bales of cotton (standard bales of 500 pounds gross weight) adequate, together with (1) the estimated carryover at the beginning of the marketing year which begins in the next calendar year and (2) the estimated imports during such marketing year, to make available a normal supply of cotton. The national marketing quota for any year shall be not less than 10 million bales of 1 million bales less than the estimated domestic consumption plus exports

of cotton for the marketing year ending in the calendar year in which such quota is proclaimed, whichever is smaller: *Provided*, That the national marketing quota for 1950 shall be not less than the number of bales required to provide a national acreage allotment of 21 million acres. Such proclamation shall be made not later than October 15 of the calendar year in which such determination is made. Notwithstanding the foregoing provisions of this section, the national marketing quota for cotton for [1957 and] 1958 and subsequent years shall be not less than the number of bales required to provide a national acreage allotment for [1957 and 1958] each such year equal to the national acreage allotment for 1956: *Provided*, That if the acreage allotment for any State for [1957 or 1958] or any subsequent year is less than its allotment for the preceding year by more than 1 percent, such State allotment shall be increased so that the reduction shall not exceed 1 percent per annum, and the acreage required for such increase shall be in addition to the national acreage allotment for such year. Additional acreage apportioned to a State for [1957 or 1958] any year under the foregoing proviso shall not be taken into account in establishing future State allotments. (7 U. S. C. 1342)

SEC. 344.

(m)

(2) Any part of any farm cotton acreage allotment on which cotton will not be planted and which is voluntarily surrendered to the county committee shall be deducted from the allotment to such farm and may be reapportioned by the county committee to other farms in the same county receiving allotments in amounts determined by the county committee to be fair and reasonable on the basis of past acreage of cotton, land, labor, equipment available for the production of cotton, crop rotation practices, and soil and other physical facilities affecting the production of cotton. If all of the allotted acreage voluntarily surrendered is not needed in the county, the county committee may surrender the excess acreage to the State committee to be used for the same purposes as the State acreage reserve under subsection (e) of this section; *but no such acreage shall be surrendered to the State committee so long as any farmer receiving a cotton acreage allotment in such county desires additional cotton acreage*. Any allotment transferred under this provision shall be regarded for the purposes of subsection (f) of this section as having been planted on the farm from which transferred rather than on the farm to which transferred, except that this shall not operate to make the farm from which the allotment was transferred eligible for an allotment as having cotton planted thereon during the 3-year base period: *Provided*, That notwithstanding any other provisions of law, any part of any farm acreage allotment may be permanently released in writing to the county committee by the owner and operator of the farm, and reapportioned as provided herein. Acreage surrendered, reapportioned under this paragraph, and planted shall be credited to the State and county in determining future acreage allotments. The provisions of this paragraph shall apply also to extra long staple cotton covered by section 347 of this act.

AGRICULTURAL ACT OF 1956

SEC. 303. (a) Section 344 (b) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting, before the period at the end thereof, a colon and the following: "*Provided*, That there is hereby established a national acreage reserve consisting of 100,000 acres, which shall be in addition to the national acreage allotment; and such

reserve shall be apportioned to the States on the basis of their needs for additional acreage for establishing minimum farm allotments under subsection (f) (1), as determined by the Secretary without regard to State and county acreage reserves (except that the amount apportioned to Nevada shall be 1,000 acres), and the additional acreage so apportioned to the State shall be apportioned to the counties on the same basis and added to the county acreage allotment for apportionment to farms pursuant to subsection (f) of this section (except that no part of such additional acreage shall be used to increase the county reserve above 15 percent of the county allotment determined without regard to such additional acreage). Additional acreage apportioned to a State for any year under the foregoing proviso shall not be taken into account in establishing future State acreage allotments. Needs for additional acreage under the foregoing proviso and under the last proviso in subsection (e) shall be determined as though allotments were first computed without regard to subsection (f) (1)."

(b) Section 344 (e) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting, before the period at the end thereof, a colon and the following: "Provided further, That if the additional acreage allocated to a State under the proviso in subsection (b) is less than the requirements as determined by the Secretary for establishing minimum farm allotments for the State under subsection (f) (1), the acreage reserved by the State committee under this subsection shall not be less than the smaller of (1) the remaining acreage so determined to be required for establishing minimum farm allotments or (2) 3 percent of the State acreage allotment; and the acreage which the State committee is required to reserve under this proviso shall be allocated to counties on the basis of their needs for additional acreage for establishing minimum farm allotments under subsection (f) (1), and added to the county acreage allotment for apportionment to farms pursuant to subsection (f) of this section (except that no part of such additional acreage shall be used to increase the county reserve above 15 percent of the county allotment determined without regard to such additional acreages)."

(c) Section 344 (f) of the Agricultural Adjustment Act of 1938, as amended, is amended by changing paragraph (1) to read as follows: "(1) Insofar as such acreage is available there shall be allotted the smaller of the following: (A) 4 acres; or (B) the highest number of acres planted to cotton in any year of such 3-year period."

(d) The first sentence of section 344 (f) (6) of such act is amended to read as follows: "Notwithstanding the provisions of paragraph (2) of this subsection, if the county committee recommends such action and the Secretary determines that such action will result in a more equitable distribution of the county allotment among farms in the county, the remainder of the county acreage allotment (after making allotments as provided in paragraph (1) of this subsection) shall be allotted to farms other than farms to which an allotment has been made under paragraph (1) (B) of this subsection so that the allotment to each farm under this paragraph together with the amount of the allotment of such farm under paragraph (1) (A) of this subsection shall be a prescribed percentage (which percentage shall be the same for all such farms in the county) of the average acreage planted to cotton on the farm during the 3 years immediately preceding the year for which such allotment is determined, adjusted as may be necessary for abnormal conditions affecting plantings during such 3-year period: *Provided*, That the county committee may in its discretion limit any farm acreage allot-

ment established under the provisions of this paragraph for any year to an acreage not in excess of 50 percent of the cropland on the farm, as determined pursuant to the provisions of paragraph (2) of this subsection: *Provided further*, That any part of the county acreage allotment not apportioned under this paragraph by reason of the initial application of such 50 percent limitation shall be added to the county acreage reserve under paragraph (3) of this subsection and shall be available for the purposes specified therein."

[(e) The amendments made by this section shall be effective only with respect to 1957 and 1958 crops. For the 1956 crop, an acreage in each State equal to the acreage allotted in such State which the Secretary determines will not be planted, placed in the acreage reserve or conservation reserve, or considered as planted under section 377 of the Agricultural Adjustment Act of 1938, as amended, may be apportioned by the Secretary among farms in such State having allotments of less than the smaller of the following: (1) 4 acres, or (2) the highest number of acres planted to cotton in any of the years 1953, 1954, and 1955.]

Mr. TALMADGE. Mr. President, it will be recalled that I attempted to bring this measure up for debate on last April 22 but the majority leader was informed at that time by the minority leader and the members of the minority party who had supported the bill in the Committee on Agriculture and Forestry that the situation had changed, and they no longer could support it.

Taking a realistic view, and desiring to avoid a defeat which could have prejudiced the cause of the cotton farmer, I did not urge the majority leader to make the bill the pending business.

It is my feeling that the altered situation now makes it imperative that S. 3408 be taken up and passed at the earliest possible time. I am going to urge the leadership to call it up for consideration at the first opportunity.

For the benefit of my colleagues also concerned with the similar crisis facing the rice farmers, I shall be pleased to work with them in seeking to amend my bill to take care of their situation also.

Mr. President, I appeal to my colleagues on both sides of the aisle to give sympathetic consideration to the plight of the cotton farmer and to join with me in sending this bill to the House of Representatives in time to be acted upon, there and sent to the President before the adjournment of this session.

Mr. President, I feel strongly that Congress has a solemn obligation to the cotton farmers of America not to adjourn until it has taken action to assure their continued existence, and to make certain that nothing will be done to worsen their already-desperate plight until a future Congress can enact a bold, new farm plan which will restore them, along with the remainder of the agricultural economy of the Nation, to their proper place in the national economy.

Mr. SYMINGTON and Mr. YARBOROUGH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Georgia yield; and if so, to whom?

Mr. TALMADGE. I yield first to my colleague on the Committee on Agriculture and Forestry, the Senator from Mis-

souri. [Mr. SYMINGTON]; then I shall yield to the Senator from Texas.

Mr. SYMINGTON. Mr. President, I have listened with great interest to the analysis of the cotton problem made by the very able junior Senator from Georgia. I commend him for his presentation on what is rapidly becoming one of the most critical agricultural problems with which this country has been confronted in many years. I hope our colleagues on both sides of the aisle will study carefully the recommendations made by the Senator from Georgia because they are in the interest not only of the cotton farmer of his State and my State, but also of the Nation as a whole.

Mr. TALMADGE. I thank the distinguished Senator from Missouri. No member of the Committee on Agriculture and Forestry has worked harder, more diligently, and more perseveringly to try to help the cotton farmers and the cotton industry of America than has the Senator from Missouri.

Mr. SYMINGTON. I thank the Senator from Georgia.

Mr. TALMADGE. I now yield to the Senator from Texas.

Mr. YARBOROUGH. Mr. President, I commend the distinguished Senator from Georgia for his very able analysis of the cotton situation. As a representative of a State which produces more cotton than any other, I commend him for the accuracy of his statistics and, above all, for his narration of the plight of the small farmer. This situation, if not remedied, will result in 1 year in driving off the farms thousands of the remaining 4½ million farm families of the United States.

This is the most critical situation which has faced the southern Cotton Belt from Georgia all the way to Arizona within my memory. There has never been a situation like it. It spells utter doom to the small farmers.

The plight of the cotton farmers is reflected also in the conditions of the rice farmers. I thank the Senator from Georgia for his willingness to accept an amendment to his bill to include rice farmers. They need relief.

I commend the Senator also for asking that Congress stay in session until some kind of farm relief is granted. I am prepared to stay here until Christmas, if necessary. I should prefer to stay here until Christmas, rather than to go home with the wreckage of American agriculture following in the train of opposition to such recommendations as have been made and the failure of Congress to act.

I thank the Senator from Georgia for his very fine analysis of the situation confronting the cotton farmers.

I have pointed out earlier that other industries are dependent on cotton. If relief is not afforded cotton growers, cotton gins will close. Banks will go broke. Small mills will fold up.

In the Cotton Belt of my State, I walked down the streets of towns of 2,000 and 3,000 population where 5 years ago every place of business was open and thriving, but where today half the businesses are already boarder up. If the situation is not remedied, then within a

year, three-fourths of all the businesses will be boarded up in towns which have been prosperous for 2 or 3 generations. The plight of that region, and of the whole Cotton Belt, can be understood only by going into the area and seeing what has happened to it.

Mr. TALMADGE. I thank the Senator from Texas. There is not a more vigorous champion of the cotton farmer and the cotton industry than the distinguished junior Senator from Texas.

I now yield to my warm friend, the able Senator from North Carolina.

Mr. ERVIN. Mr. President, I commend the able junior Senator from Georgia for his position in this matter, and assure him that I shall welcome the opportunity to vote for his motion.

As the Senator from Georgia has so well pointed out, no segment of our economy is now in such a critical condition as is the cotton growing industry. It is essential, it seems to me, that something be done for the cotton growers at this session of Congress. Relief afforded them will be beneficial not only to the cotton growers, but also to the entire economy.

It is also essential that something be done, through wise legislation, to insure the availability of sufficient cotton for the textile plants next season.

I commend the Senator from Georgia, a member of the Committee on Agriculture and Forestry, for the great fight he has been making for the cotton growers of the Nation.

Mr. TALMADGE. I thank the able Senator from North Carolina for the generosity of his remarks. No Senator has fought more valiantly and loyally for the cotton farmer and the textile industry than has the distinguished Senator from North Carolina.

I am happy to yield to the distinguished Senator from South Carolina.

Mr. THURMOND. Mr. President, I commend the distinguished Senator from Georgia for his zeal in trying to obtain action on a cotton bill this year. The cotton farmers have an average income of only 69 cents an hour, compared with the average income of \$2.07 received by other persons. Cotton farmers receive less than most other people receive, generally. Unless some action is taken before Congress adjourns, I feel that the interests of farmers will be very much jeopardized.

I hope steps will be taken to remedy the situation, so that we can extend relief to the cotton farmers of the Nation, who need relief more than does any other group.

Mr. TALMADGE. I thank my warm friend, the distinguished junior Senator from South Carolina. He is one of the ablest champions of the farmers, and his aid in this matter will be of invaluable assistance.

Mr. President, I yield the floor.

Mr. FLANDERS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. JORDAN in the chair). Without objection, it is so ordered.

TRADE AGREEMENTS EXTENSION BILL OF 1958—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. FLANDERS. Mr. President, there are now in the Chamber a number of Members who were not present when I spoke half an hour ago on the reciprocal trade bill conference report.

I shall briefly restate my reasons for my motion to reject the report, and to send the bill back to conference.

First, let me say that, from the information given by the chairman of the Finance Committee, it appears to me—and I hope my understanding of the matter is correct—that in the event the conference report is rejected, and my motion to send the bill to a further conference is agreed to by the Senate, there would be before the conference committee new material not previously presented to the conference committee. That is just one part of the justification for having a further conference.

Mr. President, the chief reason for having a further conference is that in the conference which was held, section 9 was deleted. Section 9 calls for the establishment of a bipartisan commission, to be known as the Commission on International Trade Agreement Policy.

In a moment, I shall refer briefly to the various duties of the proposed Commission. At this time, I shall only say that the purpose of the Commission is to consider things the Randall Commission did not consider. So the proposed Commission has a frame of reference broader than that which the Randall Commission assumed.

When the bill was taken to conference, it went there accompanied by a letter of mine in which I agreed to a number of suggestions for additional subjects in the Commission provision, which were covered in a letter to me from the Secretary of Commerce. I had no particular enthusiasm for those additional matters, but I thought that possibly the provision, as thus amended, might command greater support than the provision which was originally adopted. In that, I was completely mistaken.

I do not feel that I can severely criticize the conference committee for being dubious about the informally amended provision, with its large list of other questions to be investigated. The conference committee reached the conclusion that those provisions called for just another Randall Commission.

If my motion to reject the conference report is agreed to, I shall move that the bill be returned to conference with the text of the provision as adopted by the Senate, because that version of

the proposal does not call for just another Randall Commission. Instead, it deals with matters which the Randall Commission did not investigate.

Very briefly, and as rapidly as possible, I wish to discuss these matters, although I hope I shall not discuss them as extensively as I did half or three-quarters of an hour ago.

The Senate version of section 9 provides, in part:

(2) Without limiting the general scope of the investigation the Commission shall consider and report on the following matters:

(A) the number of labor hours lost by expanded imports through concessions granted in trade agreements, as balanced against the increased labor hours resulting from expansion of exports through concessions received from foreign countries.

That pins down the economic effect, in terms of employment, to the actual, direct result of the reciprocal trade agreements. That has never been done. All we hear about is the number of American workmen engaged in foreign trade, on the assumption that any improvement in employment comes from the reciprocal trade treaties. We ought to know what harm, if any, has been done.

I read section (B):

The effect of tariff reductions under past trade agreements on small and local industries.

The effect on many small and local industries has been tragic. The industries appeal to the Tariff Commission. The Tariff Commission gives them relief. The relief is sometimes granted and sometimes vetoed by the President without, I am sure, competent information on which to base his judgment. But the important point is that we are supposed to be in favor of small business. If there is a single thing which has hurt small business, within my knowledge, it has been the effect of tariff reductions. We should know what the effect has been under the reciprocal trade treaties, particularly on small and local industries, and not have our Government speak out of one corner of its mouth and say, "We want to help local industry in every way we can," and out of the other corner of its mouth sabotage that noble statement by reducing tariffs so as to destroy those industries.

I now read section (C):

What industries may become vulnerable and what industries would not be vulnerable to decrease of employment and production if present trends of foreign competition continue?

Supposedly, the Reciprocal Trade Act with its peril-point clause, takes care of that situation. The evidence that it does not take care of it is that either the Tariff Commission does not report accurately or, if it does, it pays no attention to evidence of the great damage and the growing damage being done, particularly to small and local industries, and to a few of the larger ones, such as the textile industry.

I have figures from the glove industry, indicating a drop in resources and employment of about two-thirds, as a result of reciprocal trade agreements.

I read now from subsection (D):

The possible effect of the exportability of American capital (whether direct or by pri-

vate or governmental loans), equipment, and technical experience into other countries.

That is one of the conditions which has changed overwhelmingly since the Reciprocal Trade Treaty Act first went into effect. It is now possible to send money abroad. It is now possible to send equipment abroad. It is now possible to send experienced engineering and business management abroad, and to set up in foreign countries American factories competing for the markets of the world. In fact, under the Reciprocal Trade Treaties, some industries can compete in the markets of the world only by moving out of the United States. I have personal knowledge of that fact as applying to the industry as to which I am best informed—the machine-tool industry.

I read now subsection (E) :

The extent to which the products of such exported facilities have entered the American market or otherwise affected American production and employment;

So far as I know, the reimport of products has as yet not been in considerable volume. However, the possibilities exist.

I read subsection (F) :

The extent to which the United States has used up its bargaining margin, including the extent to which tariff rates have been reduced and potential future reduction;

We are now pretty close to the bottom of the barrel. The enthusiastic proponents of unregulated and unrestricted Reciprocal Trade Agreements continually ask those of us who wish to have a real examination made, "Do you want to go back to the Smoot-Hawley law?" Of course, we do not. Perhaps some do. I am not among them. We shall not go back to the Smoot-Hawley Act. Unless abrogated, the treaties remain in force.

As a matter of fact, the United States is now one of the lowest tariff countries in the world. I can make that statement without question, whether the statement is made on the basis of tariffs collected from the total imports, or on the basis of tariffs collected from dutiable imports. Our tariffs are low. We are among the angels. We are not among the devils any more. We are classed with the angels, and let us not forget it.

In reaching a place among the angels, we have used up a large part of our bargaining power. Let us see how much we have used up. That we have used a considerable part of it is evidenced by the fact that the State Department and the Commerce Department representatives say they do not intend to do much in the way of negotiating under the reciprocal trade treaties for 3 years, because they want to have something left to bargain with when the new free-trade arrangement in Europe goes into effect. They have so little to bargain with that they propose not to bargain for 3 years, in order to have something left to use.

Subsection (G) reads:

The possibility of a reduced rate of exports due to more rapid inflation of the cost of labor, materials, and other elements of

production in the United States than in foreign countries.

It is the inflation of the cost of labor, materials, and other elements which is causing the present crisis in competition from abroad.

Subsection (H) reads:

The desirability in special cases of employing quotas rather than tariff adjustments; and

This, Mr. President, seems to be advisable in many cases in which the competition is largely Oriental. Should we establish tariffs high enough to meet Oriental competition, we would completely withdraw ourselves from any trade relations with our friends in Western Europe. So quotas seem to be the only desirable means of taking care of the situation.

Subsection (I) reads:

The extent of existing authority for trade adjustment assistance for industries adversely affected by foreign trade policies and the need for additional legislation.

Mr. President, I have made the motion that the report of the conference committee on H. R. 12591 be rejected. May I inquire whether that is the proper form in which to make the motion?

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. FLANDERS. The question is on agreeing to the conference report. So I am asking for a vote of "nay." In the event the vote is "nay," I shall then make a motion to have the bill sent back to conference, not in the form in which it was considered by the conference, but in the form in which it passed the Senate.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. HUMPHREY subsequently said: Mr. President, I associate myself with the remarks which have been made in support of the reciprocal trade agreements conference report. It seems to me that the work of the conference committee was admirable in light of the differences between the bill as passed by the House and as passed by the Senate.

I regret that a feature of the bill which it was my privilege to sponsor, namely, the amendment which would have directed the President and the Federal Tariff Commission to use all possible facilities of the Government to alleviate any kind of distress which might come to any industry or community as a result of tariff concessions, was deleted in conference. It is what is called the trade adjustment feature.

Next year it will be my intention to offer a separate trade adjustment bill, because I sincerely believe such action is needed. The national policy requires the adoption of reciprocal trade as a program. Nevertheless, we must recognize that in a reciprocal trade program there are, sometimes, difficulties and inequities. If those inequities are to be alleviated, we need to have a policy and a program for that purpose.

I see no reason why any local community should have to bear an undue

burden because of the overall national policy. I believe we would be well guided if we established programs which would be of assistance to the local communities, the local industries, and the workers involved. That is the purpose of the trade adjustment feature.

Mr. NEUBERGER subsequently said: Mr. President, I desire to endorse the position taken by the Senate-House conferees on the Reciprocal Trade Agreements Act in dropping from the final bill the weakening amendment which had been urged upon us by cherrygrowers in my home State of Oregon. The conferees have acted soundly in rejecting this amendment.

It is my understanding that the Eisenhower administration submitted to the conferees a very strong memorandum recommending deletion from the bill of the cherrygrowers' amendment that would have widened the escape clause. As I indicated when the cherrygrowers' amendment was before the Senate originally, I believe the administration has taken the proper attitude in this matter.

The administration memorandum, in my opinion, effectively refutes the argument that the cherrygrowers' amendment was merely procedural. The memorandum from the Department of Commerce, which advises the President on such trade matters, stressed the fact that the cherrygrowers' amendment could have opened the floodgate to all kinds of similar amendments which would have crippled the authority of the President to negotiate a liberal and effective trade policy with other free nations.

The memorandum submitted to the conferees pointed out further that "there appears to be no need for the amendment in order to give Northwest cherrygrowers standing as applicants for escape action."

Mr. President, I believe it is to the credit of the people of my State that I have had very little criticism directed against me from the State of Oregon, even though I was the only Pacific Northwest Senator to oppose the cherrygrowers' amendment. I took the position that, if I succumbed to local pressure from my own State with respect to the trade act, I could not in good conscience oppose similar demands to weaken the act from other States.

The people of Oregon are intelligent, well-informed, and liberal-minded. They know that an effective international trade program may require sacrifices of people in many States, including their own. Therefore, they support a Senator or Congressman who acts consistently on reciprocal trade, right down the line.

It is my hope this fall to speak in Salem, the seat of government in the State of Oregon, and the principal center of the cherrygrowing area. It is from the locality of Salem that I received the greatest number of requests to support the cherrygrowers' amendment. I plan to speak in this area and to explain to the people there why I have opposed this amendment and why the conferees acted wisely in heeding the request of the administration to drop the

amendment from the trade agreements bill.

In conclusion, Mr. President, I ask unanimous consent to include in the RECORD the memorandum which was submitted on behalf of the administration, by the Department of Commerce, to the Senate-House conferees on the Trade Agreements Act, and which was undoubtedly persuasive in bringing about the abandonment of the cherrygrowers' amendment.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF COMMERCE MEMORANDUM TO CONFEREES ON SO-CALLED CHERRY GROWERS' AMENDMENT TO TRADE AGREEMENTS ACT—H. R. 12591 (TRADE BILL)

Morse amendment: Redefinition of the terms "domestic industry producing like or directly competitive products," etc., under escape clause to include any group of producers of raw or processed agricultural or horticultural products from which any such (import affected) products or articles are produced.

Senator MORSE's amendment would change the definition of "domestic industry producing like or directly competitive products," etc., to include "that portion * * * of the producing organizations * * * manufacturing * * * or otherwise producing" the raw or processed agricultural or horticultural products from which the "like or directly competitive" articles are made as well as the portion of the operation engaged in producing the article itself. In other words, for agricultural and horticultural products, it would broaden backward into the production of raw materials the range of operations to be considered as directly competitive. That is, while retaining the phrase "like or directly competitive" as the limit of what may be considered for purposes of determining whether serious injury has been caused or threatened, the phrase is then defined to include production of any article like or directly competitive with an imported article or entering into its composition.

The argument has been advanced that "this is a procedural amendment and has no mandatory provisions." The amendment was accepted by the Senate on these grounds. This is not merely a procedural amendment. Instead, the amendment would substantially widen the area of domestic operations which might be considered as being threatened with serious injury by any imported article. Cotton growers could claim injury if imports of men's shirts increased, or, to take an extreme case, cattle raisers might claim to be affected by imports of gloves.

There appears to be no need for the amendment in order to give Northwest cherry growers standing as applicants for escape action. A large proportion of the United States output of brined cherries, from which glaze cherries are made, is processed by cooperatives from members' own cherries. The tariff on brined cherries is the subject of a binding in a trade agreement and the cherry growers' cooperatives could therefore bring action under the escape clause as producers of brined cherries which are both like and directly competitive with imported brined cherries. No amendment would be required to give them standing as domestic producers in such an application. Furthermore, it is possible that in the years since 1952 when the Tariff Commission last investigated glaze cherries, the cooperatives may have developed into substantial producers of glaze cherries. In that case, they could also, without amendment of the law, qualify as applicants for an investigation of glaze cherries. No information is available as to the proportion of domestic glaze cherry production which is carried on

by independent processors as compared with the cooperatives, but it is entirely possible that such production is very substantial. Certainly, an amendment of such sweeping implications should not be adopted to accommodate one particular case without careful investigation as to whether a problem exists. More generally, the objection to this amendment is that where competition is not direct, economic difficulties which domestic industries may be experiencing will most frequently be found to have other causes. Hence, import restrictions, even if they afforded temporary relief, would effect no cure for basic difficulties. They would probably not prevent recurrence of difficulties and they would inequitable penalize import trade as well as our export potentialities.

In addition, since the United States does have an obligation, with respect to most existing tariff rates, to maintain these rates unless they lead to increased imports which seriously injure producers of like or directly competitive products, as these terms are generally understood, action by the United States in a case of injury that affected an industry directly competitive only under this artificially extended definition might be considered a violation of United States commitments. Our own exports would possibly be penalized in retaliation for any such action on our part. Moreover, such a situation would most likely mean limitations on United States ability to press effectively for removal of restrictions other countries maintain against United States agricultural exports.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. FLANDERS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. What is the question before this body?

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. DOUGLAS. A vote "yea" is a vote for adoption of the report, and a vote "nay" is a vote against adoption of the report?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOUGLAS. I thank the Chair.

The PRESIDING OFFICER. The question is on agreeing to the conference report. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], and the Senator from Florida [Mr. HOLLAND] are absent on official business.

I further announce that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], and the Senator from Florida [Mr. HOLLAND] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Arizona [Mr. GOLDWATER], the Senator from Nebraska [Mr. HRUSKA], and the Senator from Maine [Mr. PAYNE] are necessarily absent.

If present and voting, the Senator from Nebraska [Mr. HRUSKA] would vote "yea."

The Senator from Maine [Mr. PAYNE] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from Maine would vote "yea," and the Senator from Arizona would vote "nay."

The result was announced—yeas 72, nays 18, as follows:

YEAS—72

Alken	Fulbright	Monroney
Allott	Gore	Morse
Anderson	Green	Morton
Beall	Hayden	Mundt
Bricker	Hickenlooper	Murray
Bridges	Hill	Neuberger
Bush	Humphrey	O'Mahoney
Butler	Ives	Pastore
Byrd	Jackson	Potter
Capehart	Javits	Proxmire
Carlson	Johnson, Tex.	Purtell
Carroll	Jordan	Robertson
Case, N. J.	Kefauver	Saltonstall
Church	Kennedy	Smathers
Clark	Knowland	Smith, Maine
Cooper	Kuchel	Smith, N. J.
Cotton	Lausche	Sparkman
Curtis	Long	Stennis
Dirksen	Magnuson	Symington
Douglas	Mansfield	Thye
Eastland	Martin, Iowa	Watkins
Ellender	Martin, Pa.	Wiley
Ervin	McClellan	Williams
Fear	McNamara	Yarborough

NAYS—18

Barrett	Hoblitzell	Revercomb
Bennett	Jenner	Russell
Bible	Johnston, S. C.	Schoeppel
Case, S. Dak.	Kerr	Talmadge
Dworshak	Langer	Thurmond
Flanders	Malone	Young

NOT VOTING—6

Chavez	Hennings	Hruska
Goldwater	Holland	Payne

So the report was agreed to.

ADDRESS BY PRIME AND FOREIGN MINISTER OF DENMARK

Mr. THYE. Mr. President, today the Senate has acted on the report of the conference committee on the bill to extend the provisions of the Reciprocal Trade Agreements Act. As an indication of the cultural and economic ties that our great Nation has with friendly people in other Nations of the world, I ask unanimous consent that speeches delivered by Mr. H. C. Hansen, Prime Minister and Minister for Foreign Affairs of Denmark, some time ago in New York and at the University of Minnesota, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

ADDRESS BY PRIME AND FOREIGN MINISTER H. C. HANSEN OF DENMARK AT THE LUNCHEON AT THE WABORF-ASTORIA, NEW YORK CITY, ON MAY 16, 1958, AUSPICES, DANISH-AMERICAN COMMITTEE

It is a great pleasure for me to be among so many good friends in New York and particularly to meet this group of Americans, Danish-Americans and Danes. I thank each and everyone of you for your kind invitation.

Mrs. Hansen and I have had a most pleasant trip in your country. As you may know, we have just taken part in the celebration of Minnesota's statehood centennial. Following that, my Scandinavian colleagues and I visited President Eisenhower in Washington, and we are most grateful for all the kindness we have met.

Before coming over here I visited Their Majesties King Frederik and Queen Ingrid and I told them that in New York I was to meet many good friends of Denmark. The

Public Law 85-686
85th Congress, H. R. 12591
August 20, 1958

AN ACT

72 Stat. 673.

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Trade Agreements Extension Act of 1958". Trade Agree-
ments Exten-
sion Act of
1958.

SEC. 2. The period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), is hereby extended from the close of June 30, 1958, until the close of June 30, 1962. 69 Stat. 162.

SEC. 3. (a) Subsection (a) of section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is amended as follows: 69 Stat. 163.

(1) Paragraph (2) (A) is amended to read as follows:

"(A) Increasing by more than 50 per centum any rate of duty existing on July 1, 1934; except that a specific rate of duty existing on July 1, 1934, may be converted to its ad valorem equivalent based on the value of imports of the article concerned during the calendar year 1934 (determined in the same manner as provided in subparagraph (D) (ii)) and the proclamation may provide an ad valorem rate of duty not in excess of 50 per centum above such ad valorem equivalent." Duty increase.
Authoriza-
tion.

(2) Paragraph (2) (D) is amended by inserting "and before July 1, 1958," after "June 12, 1955,".

(3) The last sentence of paragraph (2) (D) (ii) is amended by striking out "section 402 of this Act (as in effect" and inserting in lieu thereof "section 402 or 402a of this Act (as in effect, with respect to the article concerned,". 46 Stat. 708;
70 Stat. 943.
19 USC 1402,
1401a.

(4) Paragraph (2) is amended by adding at the end thereof the following new subparagraph:

"(E) In order to carry out a foreign trade agreement entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the rates provided for in paragraph (4) (A) of this subsection." Reduction
authority.

(5) Paragraph (3) (A) is amended (A) by striking out "of subparagraphs (B) and (C) of this paragraph," and by inserting in lieu thereof "of subparagraphs (B) and (C) of this paragraph and of subparagraph (B) of paragraph (4) of this subsection,"; and (B) by striking out "suspension under paragraph (4)" and by inserting in lieu thereof "suspension under paragraph (5)".

(6) Paragraph (3) (D) is amended by striking out "paragraph (2) (C) or (D)" and by inserting in lieu thereof "paragraph (2) (C) or (D) or paragraph (4) (A) or (B)".

(7) Paragraphs (4) and (5) are renumbered as paragraphs (5) and (6), respectively.

(8) Subsection (a) is amended by inserting after paragraph (3) the following new paragraph:

"(4) (A) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made, in order to carry out a foreign trade agreement entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the following rates: Limitations.

"(i) The rate which would result from decreasing the rate existing on July 1, 1958, by 20 per centum of such rate.

"(ii) Subject to paragraph (2) (B) of this subsection, the rate 2 per centum ad valorem below the rate existing on July 1, 1958.

"(iii) The rate 50 per centum ad valorem or, in the case of any article subject to a specific rate of duty or to a combination

of rates including a specific rate, any rate (or combination of rates), however stated, the ad valorem equivalent of which has been determined as 50 per centum ad valorem.

The provisions of clauses (ii) and (iii) of this subparagraph and of subparagraph (B) (ii) of this paragraph shall, in the case of any article subject to a combination of ad valorem rates of duty, apply to the aggregate of such rates; and, in the case of any article subject to a specific rate of duty or to a combination of rates including a specific rate, such provisions shall apply on the basis of the ad valorem equivalent of such rate or rates, during a representative period (whether or not such period includes July 1, 1958), determined in the same manner as the ad valorem equivalent of rates not stated wholly in ad valorem terms is determined for the purpose of paragraph (2) (D) (ii) of this subsection.

“(B) (i) In the case of any decrease in duty to which clause (i) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than four annual stages, and no amount of decrease becoming initially effective at one time shall exceed 10 per centum of the rate of duty existing on July 1, 1958, or, in any case in which the rate has been increased since that date, exceed such 10 per centum or one-third of the total amount of the decrease under the foreign trade agreement, whichever is the greater.

“(ii) In the case of any decrease in duty to which clause (ii) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than four annual stages, and no amount of decrease becoming initially effective at one time shall exceed 1 per centum ad valorem or, in any case in which the rate has been increased since July 1, 1958, exceed such 1 per centum or one-third of the total amount of the decrease under the foreign trade agreement, whichever is the greater.

“(iii) In the case of any decrease in duty to which clause (iii) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than four annual stages, and no amount of decrease becoming initially effective at one time shall exceed one-third of the total amount of the decrease under the foreign trade agreement.

“(C) In the case of any decrease in duty to which subparagraph (A) of this paragraph applies (i) no part of a decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year, nor after the first part shall have been in effect for a period or periods aggregating more than three years and (ii) no part of a decrease shall become initially effective after the expiration of the four-year period which begins on July 1, 1962. If any part of a decrease has become effective, then for the purposes of clauses (i) and (ii) of the preceding sentence any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the three-year period or the four-year period, as the case may be, expires.”

(b) Subsection (b) of section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (b)), is amended (1) by striking out “exclusive” in the first sentence, and (2) by amending paragraph (2) to read as follows:

“(2) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, below the applicable alternative specified in subsection (a) (2) (C) or (D) or (4) (A) (subject to the applicable provisions of subsection (a) (3) (B), (C), and (D) and (4) (B) and (C)), each such alterna-

63 Stat. 698.

Cuban products.

tive to be read for the purposes of this paragraph as relating to the rate of duty applicable to products of Cuba. With respect to products of Cuba, the limitation of subsection (a) (2) (D) (ii) or (4) (A) (iii) may be exceeded to such extent as may be required to maintain an absolute margin of preference to which such products are entitled."

(c) Paragraph (2) (A) of subsection (c) of section 350 of the Definition
Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (c) (2) (A)), of duties.
is amended by striking out "existing on January 1, 1945" and "existing
on January 1, 1955" and by inserting in lieu thereof "existing
on July 1, 1934", "existing on January 1, 1945", "existing on January 1,
1955", and "existing on July 1, 1958".

(d) Paragraph (1) of subsection (e) of section 350 of the Tariff Report to
Act of 1930, as amended (19 U. S. C., sec. 1351 (e) (1)), is amended Congress.
by inserting after "(including the incorporation therein of escape
clauses)," the following: "the results of action taken to obtain removal
of foreign trade restrictions (including discriminatory restrictions)
against United States exports, remaining restrictions, and the measures
available to seek their removal in accordance with the objectives of
this section,".

(e) Section 350 of the Tariff Act of 1930, as amended (19 U. S. C.,
sec. 1351), is amended by adding at the end thereof the following new
subsection:

"(f) It is hereby declared to be the sense of the Congress that the Information.
President, during the course of negotiating any foreign trade agree-
ment under this section, should seek information and advice with
respect to such agreement from representatives of industry, agricul-
ture, and labor."

SEC. 4. (a) The third sentence of subsection (a) of section 3 of Peril-point:
the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., investigations.
sec. 1360 (a)), is amended by striking out "120 days" and inserting in
lieu thereof "six months". The last sentence of such subsection is
amended by striking out "120-day" and inserting in lieu thereof "six-
month". 65 Stat. 72.

(b) Subsection (b) of section 3 of the Trade Agreements Extension Escape-
Act of 1951, as amended (19 U. S. C., sec. 1360 (b)), is amended by clause inves-
adding at the end thereof the following new sentence: "If in the tigations.
course of any such investigation the Commission shall find with respect
to any article on the list upon which a tariff concession has been
granted that an increase in duty or additional import restriction is
required to avoid serious injury to the domestic industry producing
like or directly competitive articles, the Commission shall promptly
institute an investigation with respect to that article pursuant to
section 7 of this Act."⁵

19 USC 1364.

(c) Such subsection (b) is further amended by inserting "(1)"
after "(b)" and by adding at the end thereof the following:

"(2) In each such investigation the Commission shall, to the extent
practicable and without excluding other factors, ascertain for the last
calendar year preceding the investigation the average invoice price
on a country-of-origin basis (converted into currency of the United
States in accordance with the provisions of section 522 of the Tariff
Act of 1930, as amended) at which the foreign article was sold for 46 Stat. 739.
export to the United States, and the average prices at which the like 31 USC 372.
or directly competitive domestic articles were sold at wholesale in
the principal markets of the United States. The Commission shall
also, to the extent practicable, estimate for each article on the list the
maximum increase in annual imports which may occur without causing
serious injury to the domestic industry producing like or directly
competitive articles. The Commission shall request the executive de-

partments and agencies for information in their possession concerning prices and other economic data from the principal supplier foreign country of each such article."

Applications.

SEC. 5. (a) The first paragraph of subsection (a) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (a)), is amended by striking out "any interested party" and inserting in lieu thereof "any interested party (including any organization or group of employees)".

(b) (1) The first paragraph of section 7 (a) of such Act is amended by striking out "nine months" and inserting in lieu thereof "six months".

(2) The amendment made by paragraph (1) shall apply only with respect to applications made after the date of the enactment of this Act.

Free-list
articles.
Authority
for duty.

(c) Section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), is amended by adding at the end thereof the following new subsection:

19 USC 1351.

"(f) In carrying out the provisions of this section the President may, notwithstanding section 350 (a) (2) of the Tariff Act of 1930, as amended, impose a duty not in excess of 50 per centum ad valorem on any article not otherwise subject to duty."

SEC. 6. Subsection (c) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (c)), is amended by inserting "(1)" after "(c)" at the beginning thereof, and by adding at the end thereof the following:

Actions to
prevent or
remedy injury.

"(2) The action so found and reported by the Commission to be necessary shall take effect (as provided in the first sentence of paragraph (1) or in paragraph (3), as the case may be)—

"(A) if approved by the President, or

"(B) if disapproved by the President in whole or in part, upon the adoption by both Houses of the Congress (within the 60-day period following the date on which the report referred to in the second sentence of paragraph (1) is submitted to such committees), by the yeas and nays by a two-thirds vote of each House, of a concurrent resolution stating in effect that the Senate and House of Representatives approve the action so found and reported by the Commission to be necessary.

For the purposes of subparagraph (B), in the computation of the 60-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die.

"(3) In any case in which the contingency set forth in paragraph (2) (B) occurs, the President shall (within 15 days after the adoption of such resolution) take such action as may be necessary to make the adjustments, impose the quotas, or make such other modifications as were found and reported by the Commission to be necessary."

SEC. 7. (a) The following subsections of this section are enacted by the Congress:

Congressional
procedure re-
garding reso-
lutions.

(1) As an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in such House in the case of resolutions (as defined in subsection (b)); and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) With full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

(b) As used in this section, the term "resolution" means only a concurrent resolution of the two Houses of Congress, the matter after the resolving clause of which is as follows: "That the Senate and House of Representatives approve the action—

"Resolution."
Resolving
clause.

"(1) found and reported by the United States Tariff Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, in its report to the President dated , 19 , on its escape-clause investigation numbered under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), and

"(2) disapproved by the President in whole or in part in his report (dated , 19) pursuant to the second sentence of paragraph (1) of section 7 (c) of such Act.",
the blank spaces therein being appropriately filled; and does not include a concurrent resolution which specifies more than one such investigation.

(c) A resolution with respect to an investigation shall be referred to the Committee on Finance of the Senate or to the Committee on Ways and Means of the House of Representatives by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

(d) (1) If the committee to which has been referred a resolution with respect to an investigation has not reported it before the expiration of ten calendar days after its introduction (or, in the case of a resolution received from the other House, ten calendar days after its receipt), it shall then (but not before) be in order to move either to discharge the committee from further consideration of such resolution, or to discharge the committee from further consideration of any other resolution with respect to such investigation which has been referred to the committee.

(2) Such motion may be made only by a person favoring the resolution, shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same investigation), and debate thereon shall be limited to not to exceed one hour, to be equally divided between those favoring and those opposing the resolution. No amendment to such motion shall be in order, and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

(3) If the motion to discharge is agreed to or disagreed to, such motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same investigation.

(e) (1) When the committee has reported, or has been discharged from further consideration of, a resolution with respect to an investigation it shall at any time thereafter be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of such resolution. Such motion shall be highly privileged and shall not be debatable. No amendment to such motion shall be in order and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

(2) Debate on the resolution shall be limited to not to exceed ten hours, which shall be equally divided between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order, and it shall not be in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(f) (1) All motions to postpone, made with respect to the discharge from committee, or the consideration of, a resolution with respect to an investigation, and all motions to proceed to the consideration of other business, shall be decided without debate.

(2) All appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to an investigation shall be decided without debate.

(g) If, prior to the passage by one House of a resolution of that House with respect to an investigation, such House receives from the other House a resolution with respect to the same investigation, then—

(1) If no resolution of the first House with respect to such investigation has been referred to committee, no other resolution with respect to the same investigation may be reported or (despite the provisions of subsection (d) (1)) be made the subject of a motion to discharge.

(2) If a resolution of the first House with respect to such investigation has been referred to committee—

(A) the procedure with respect to that or other resolutions of such House with respect to such investigation which have been referred to committee shall be the same as if no resolution from the other House with respect to such investigation had been received; but

(B) on any vote on final passage of a resolution of the first House with respect to such investigation the resolution from the other House with respect to such investigation shall be automatically substituted for the resolution of the first House.

SEC. 8. (a) Section 2 of the Act entitled "An Act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended", approved July 1, 1954, as amended by section 7 of the Trade Agreements Extension Act of 1955 (19 U. S. C., sec. 1352a), is amended to read as follows:

"SEC. 2. (a) No action shall be taken pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), to decrease the duty on any article if the President finds that such reduction would threaten to impair the national security.

"(b) Upon request of the head of any Department or Agency, upon application of an interested party, or upon his own motion, the Director of the Office of Defense and Civilian Mobilization (hereinafter in this section referred to as the 'Director') shall immediately make an appropriate investigation, in the course of which he shall seek information and advice from other appropriate Departments and Agencies, to determine the effects on the national security of imports of the article which is the subject of such request, application, or motion. If, as a result of such investigation, the Director is of the opinion that the said article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall promptly so advise the President, and, unless the President determines that the article is not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security as set forth in this section, he shall take such action, and for such time, as he deems necessary to adjust the imports of such article and its derivatives so that such imports will not so threaten to impair the national security.

"(c) For the purposes of this section, the Director and the President shall, in the light of the requirements of national security and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national de-

Trade agree-
ment negotia-
tion.

68 Stat. 360;
69 Stat. 166.

Investigation
and reports
on imports
impairing
national
security.

fense, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the importation of goods in terms of their quantities, availabilities, character, and use as those affect such industries and the capacity of the United States to meet national security requirements. In the administration of this section, the Director and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries; and any substantial unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security.

"(d) A report shall be made and published upon the disposition of each request, application, or motion under subsection (b). The Director shall publish procedural regulations to give effect to the authority conferred on him by subsection (b). Publication of reports.

"(e) The Director, with the advice and consultation of other appropriate Departments and Agencies and with the approval of the President, shall by February 1, 1959, submit to the Congress a report on the administration of this section. In preparing such a report, an analysis should be made of the nature of projected national defense requirements, the character of emergencies that may give rise to such requirements, the manner in which the capacity of the economy to satisfy such requirements can be judged, the alternative means of assuring such capacity and related matters." Report to Congress.

(b) The amendment made by subsection (a) shall not affect any action taken or determinations made before the date of the enactment of this Act.

SEC. 9. (a) Subsection (a) of section 333 of the Tariff Act of 1930 (19 U. S. C., sec. 1333 (a)) is amended to read as follows: Subpena powers.
46 Stat. 699.

"(a) **AUTHORITY TO OBTAIN INFORMATION.**—For the purposes of carrying out its functions and duties in connection with any investigation authorized by law, the commission or its duly authorized agent or agents (1) shall have access to and the right to copy any document, paper, or record, pertinent to the subject matter under investigation, in the possession of any person, firm, copartnership, corporation, or association engaged in the production, importation, or distribution of any article under investigation, (2) may summon witnesses, take testimony, and administer oaths, (3) may require any person, firm, copartnership, corporation, or association to produce books or papers relating to any matter pertaining to such investigation, and (4) may require any person, firm, copartnership, corporation, or association to furnish in writing, in such detail and in such form as the commission may prescribe, information in their possession pertaining to such investigation. Any member of the commission may sign subpoenas, and members and agents of the commission, when authorized by the commission, may administer oaths and affirmations, examine witnesses, take testimony, and receive evidence."

(b) Subsection (d) of section 333 of the Tariff Act of 1930 (19 U. S. C., sec. 1333 (d)) is amended by striking out "under Part II of this title" and inserting in lieu thereof "before the commission". 46 Stat. 699.

(c) Subsection (a) of section 336 of the Tariff Act of 1930 (19 U. S. C., sec. 1336 (a)) is amended by striking out the third sentence thereof. The first sentence of subsection (c) of section 337 of the Tariff Act of 1930 (19 U. S. C., sec. 1337 (c)) is amended by striking out "under and in accordance with such rules as it may promulgate". 46 Stat. 701.
Hearings.
46 Stat. 703.

46 Stat. 696-
700.

(2) Part II of title III of the Tariff Act of 1930 (19 U. S. C., sec. 1330, et seq.) is amended by inserting after section 334 the following new section:

"SEC. 335. RULES AND REGULATIONS.

"The commission is authorized to adopt such reasonable procedures and rules and regulations as it deems necessary to carry out its functions and duties."

SEC. 10. The enactment of this Act shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

Approved August 20, 1958.